ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2022

NRH

CITY OF NORTH RICHLAND HILLS, TEXAS

About the Cover

Depicted on the cover are various photos and renderings of the City Point mixed-use development project. Originally part of the Calloway Family's farm, the property developed into North Hills Mall in the late 1970s. The mall thrived as a regional shopping center for several decades, however with competition and changes in shopping patterns, customers and tenants moved elsewhere and the mall eventually closed its doors in 2004. The owner of the mall - a limited partnership out of California - was unsuccessful in revitalizing the property. After a period of dormancy, in 2007 the mall was demolished. The professional and medical sector has remained strong in the area, with medical space increasing over the years.

In 2012, a citizen bond committee recommended moving the new North Richland Hills City Hall to a portion of the old mall site to help spur redevelopment of the area. Voters approved the plan with 68% of the vote. North Richland Hills' new City Hall opened in 2016 and the property surrounding City Hall was rezoned into a Planned Development Zoning District to facilitate a variety of uses. In 2019, the 52 acres surrounding North Richland Hills City Hall were purchased by Centurion American Development Group after working with the city on plans to redevelop the land into a master planned mixed use community.

Called City Point, the new master planned mixed-use development will include various types of residential options, including both single-family detached and attached options alongside multi-family that will surround a commercial district along City Point Drive with an upscale hotel on the corner of Boulevard 26 and Rodger Line Drive. Find more information at https://centurionamerican.com/community/city-point/.

Created by: Budget & Research Department

Pictures provided by: Communications Department

Cover Layout Template provided by: www.creativemarket.com

CITY OF NORTH RICHLAND HILLS, TEXAS

Annual Comprehensive Financial Report
For the Year Ended September 30, 2022

City Officials

Oscar Trevino
Mayor

Tito Rodriguez
Mayor Pro Tem
Place 1

Rita Wright Oujesky
Place 2

Suzy Compton
Place 3

Mason Orr
Place 4

Blake Vaughn
Place 5 *

Scott Turnage
Associate Mayor Pro Tem
Place 6

Kelvin Deupree
Deputy Mayor Pro Tem
Place 7

Mark Hindman
City Manager

Paulette Hartman
Deputy City Manager

Karen Manila
Assistant City Manager

Jimmy Perdue
Director of Public Safety

Mark Mills
Director of Finance

* Blake Vaughn was elected on November 2, 2022 to fill the unexpired term for Place 5 until the 2023 election.

Prepared by: Finance Department

NORTH RICHLAND HILLS
City of Choice

ACKNOWLEDGEMENTS

The Annual Comprehensive Financial Report was prepared by the Department of Finance, Office of Accounting:

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Director of Finance

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Nancy Holcomb, Payroll Specialist
Sabrina Markum, Human Resources Generalist

And to all the departments and personnel throughout the City whose extra effort to contribute timely financial data for their departments made this report possible.

CITY OF NORTH RICHLAND HILLS, TEXAS
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Introductory Section

NRH

NORTH RICHLAND HILLS
NRH
THE CITY OF CHOICE

Department of Finance

March 14, 2023

To the Honorable Mayor, City Council Members, City Manager,
and Residents of the City of North Richland Hills, Texas:

We hereby issue the Annual Comprehensive Financial Report of the City of North Richland Hills, Texas (the "City") for the fiscal year ended September 30, 2022.

This report consists of City management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles ("GAAP"). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by the CPA firm of Whitley Penn, LLP, the City's independent auditors. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the City's financial statements for the fiscal year ended September 30, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. This report is available in the City's separately issued Single Audit Report.

GAAP requires management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of North Richland Hills

The City, incorporated in 1953, is a growing community located in the heart of the Dallas/Fort Worth Metroplex. The City's estimated population is 71,904 for 2022. The City is also home to over 1,200 commercial and industrial businesses. The fourth largest city in Tarrant County, North Richland Hills ("NRH") is only 10 minutes from downtown Fort Worth and 25 minutes from downtown Dallas. Interstate Loop 820 and Texas 121/183 ("Airport Freeway") traverse the City, providing freeway access to five additional interstates and numerous US and state highways. The City is also conveniently located 10 minutes from Dallas/Fort Worth International Airport and 15 minutes from Alliance Airport. D/FW International Airport has over 1,800 flights daily with non-stop service to all major North American cities and many overseas destinations. The Alliance development facilitates the transport of merchandise through both the Alliance airport and the Burlington Northern/Santa Fe Intermodal Facility.

The City operates under a charter adopted in 1964 which provides for a Council-Manager form of government. The Mayor and seven Council members are elected at large. The City Council is responsible for all matters of policy as well as for levying taxes, securing revenues, authorizing expenditures of City funds, and incurring City debts. The City Manager is directly responsible to the City Council. An organizational chart follows to show the various levels of responsibility.

The City provides a full range of services. These services include police and fire protection; municipal court operations; the construction and maintenance of streets and infrastructure; parks, library, and recreational activities including tennis center operations; neighborhood services activities; planning and inspections; and the operations of a water and wastewater system, a golf course, and a public waterpark. A private contractor, through a franchise agreement, provides solid waste collection and disposal services for the City.

Accounting System and Budgetary Control

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Account records for the City's water and sewer utility and other proprietary activities are measured on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets; and (3) compliance with all applicable rules, regulations, and contractual requirements. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, (2) the evaluation of costs and benefits requires estimates and judgments by management, and (3) the preciseness of estimates must be balanced with the timeliness of financial reporting. All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The annual budget serves as the foundation for the City's financial planning and control. The City maintains budgetary controls to ensure compliance with provisions in the annual budget adopted by the City Council. Annual operating budgets are adopted for the General Fund, certain Special Revenue Funds, Debt Service Funds, Enterprise Funds, and Internal Service Funds. Project-length financial plans are adopted for the Capital Project Funds. The level of budgetary control – the level at which expenditures/expenses cannot legally exceed the appropriated amount – is established at the fund level. Detail control is accomplished by maintaining appropriations, encumbrances, and expended balances by line item within each operating department, within each operating fund. All annual appropriations lapse at the end of the fiscal year. Budgetary data for proprietary funds is presented in the Other Supplemental Information section only since reporting on such budgets is not legally required.

Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through passage of an ordinance. The appropriated budget is prepared by fund, department, and division. The City Manager is authorized to transfer budgeted amounts between departments within any fund. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Transfers of appropriations between funds are allowed by budget ordinance as passed by the City Council. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, comparisons begin on page 92 in the required supplementary information segment of the financial statements. The comparisons for other governmental funds with appropriated annual budgets are presented in the other supplementary information of this report.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local economy

The City continues to grow as all major economic indicators are trending in the right direction and it remains geographically positioned as the main link between bustling downtown Fort Worth and affluent Northeast Tarrant County. Adjacent to the high socioeconomic level cities of Colleyville, Keller and Southlake; the City is the fourth largest City in Northeast Tarrant County with approximately 71,904 people, and is likely to reach 80,000 residents by 2030. Since 2010, the City has grown by 13.5% in total population, adding over 8,500 residents.

This past year resulted in continued growth from taxable sales, taxable property values and new home starts. Compared to the previous fiscal year, fiscal year 2022 taxable sales grew by 8%, a $95 million increase. This figure is expected to increase in fiscal year 2023 due to price increases from taxable products due to inflation, and from additional business openings along the Northeast Loop 820 commercial corridor and the far north sector of the City. Taxable property value grew for the 9th straight year. Finally, the City continues to facilitate residential growth, permitting another 240 new single-family homes with an average value over $450,000 while approving 150 more lots, totaling 500 future lots for development. The City's residential growth "by new home start" continues to be the highest amongst Northeast Tarrant County cities.

The City maintains a diverse mix of 1,200 brick and mortar businesses with 14 primary employers representing 5,000 full time jobs within the healthcare, finance, aerospace and supply chain sectors. The City welcomed 39 office-based businesses occupying 108,000 square feet of office space. Since the pandemic onset, suburban demand for office space has shifted away from high-density downtowns, resulting in a reduction of the City's office vacancy from 15% in the latter half of 2019 to 11% in 2022. The City has also welcome 40 retail-service based businesses, occupying 117,000 square feet reducing vacancy to 9.7% from a pandemic high of 14%.

The City continues to experience quality development and revitalization thanks to its strategic location, attractive standards and the ability to reinvent itself. One example is the 52 acres surrounding City Hall, called City Point. A former mall, the $225 million mixed-use redevelopment project includes 70,000 square feet of commercial space, roughly 370 single-family homes and approximately 450 multi-family residences. Over 35 homes are under construction from Ashton Woods, Mattamy Homes and CB Jeni. Commercial development along City Point Drive is in the design phase, with construction to start mid-2023. With the entire project expected to be complete by late 2026 or early 2028, the City Point project will welcome 2,000+ additional residents.

A second example can be found at the Transit-Oriented Development ("TOD") Districts. These two projects represent an estimated $120 million in project value and 900 additional residents. The projects are near TEXRail commuter rail stations and will include 30,000 square feet of commercial space and 600 high-end multi-family units.

Long-term financial planning

In November 2020, North Richland Hills voters approved a $49,875,000 bond package for the reconstruction of 27 streets. The 2020 Capital Program Advisory Committee, consisting of 35 residents from across the City, recommended the projects based on several factors that included: existing pavement conditions, traffic volumes, maintenance records, input from citizen surveys, and estimated project costs.

At least annually, management reviews and updates long-range financial plans for the general operations of the City as well as the proprietary activities. Forecasts are prepared using conservative growth estimates for major sources of revenue. Maintaining this conservative approach, coupled with an aggressive debt repayment policy, has assisted the City in retaining a continuous favorable bond rating. Analysis is continuously updated to reflect new bond issues and the repayment thereof, as well as updates to estimates based on new developments, historical trends, changes in applicable legal requirements, and City Council and management priorities.

The plans for the internal service funds include the accumulation of resources for meeting both current and future needs. For example, support services such as facilities, fleet, and information technology collect user fees to meet current maintenance needs as well as to meet future capital replacement needs.

Similarly, the City's policy with regard to self-insurance premiums has been to collect sufficient amounts to cover current health and dental claims as well as additions to reserves for future claims. In fiscal years 2002 and 2003 the Self Insurance (Internal Service) Fund reserves of $3.1 million were depleted due primarily to spiraling inflation in the health care industry and unforeseeable extraordinary health claims. In fiscal year 2004, City Council adopted a strategy to rebuild reserves over a six-year period beginning in fiscal year 2005. Savings from changes in the health care plan, transfers from existing cash reserves in the General Fund and Water and Sewer Fund, and employee premiums were used and continue to re-establish the reserves. In both 2016 and 2017, the City once again experienced significant inflationary costs and extraordinary health claims, which necessitated the use of a portion of the rebuilt reserves. Management instituted procedures to address the rising costs in both active employee and retiree health care costs. These procedures have begun to take effect and the reserves are expected to continue to improve in 2023.

Similar plans for the build-up of reserves exist for the City's enterprise operations. Funds are set aside to meet future capital replacement needs such as infrastructure replacement and capital asset acquisitions. This approach has allowed the City's water and sewer operation to meet the majority of its capital replacement needs with the issuance of minimal debt. Over the course of its history, NRH_2O, the City's waterpark, has funded some new attractions and infrastructure improvements by utilizing cash reserves accumulated from operations. Annual analysis by City management of capital needs could result in the need for debt funding of future attractions and infrastructure improvements if deemed necessary.

Cash management policies and practices

With the City's current bank depository contract with JP Morgan Chase Bank, N.A. set to expire on September 30, 2019, the City initiated a solicitation process in early 2019 to secure another depository contract agreement. The selection process awarded the new contract to the incumbent, JP Morgan Chase Bank, N. A. for another three years with an option to extend for an additional two years. The contract has been extended for one year through September 30, 2023. Cash temporarily idle during the year was invested in two public funds investment pools, agency and corporate securities, municipal securities, and U.S. Treasury Notes.

The maturities of the investments range from overnight to three years. The average yield for overnight investments for fiscal year 2022 was 2.8465%, and the weighted average maturity ("WAM") was 25 days. The portfolio's WAM for all other investments at the end of the fiscal year was 140 days, which is indicative of the City's attempts to transition from a shorter-term portfolio into a more balanced portfolio due to rising interest rates.

At fiscal year-end approximately 15% of the portfolio was invested beyond one year, 15% was invested for one year or less, and the remaining 70% was invested in the overnight market. The City's Investment Advisor is Meeder Public Funds who was the overseer of the portfolio through the end of the fiscal year 2022 and continuing into fiscal year 2023.

Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. While the City has historically retained a portion of these risks, coverage exists for: general, employment practice, law enforcement, and errors and omissions liability; excess workers' compensation; property damage; commercial crime coverage; and employee life insurance. The Self-Insurance Fund is responsible for workers' compensation, health, automobile liability, and general liability insurance. The City maintains a stop loss third party insurance policy with respect to health claims. This policy covers City medical claims in excess of $175,000 per individual per year, and/or $9,754,236 in the aggregate for a 12-month period beginning on January 1, 2021. For the 12-month period beginning January 1, 2022, the aggregate amount was $8,344,760. Self-Insurance Fund claims are funded by charges to other funds and employee, retiree, and dependent premiums. Additional information on the City's risk management activity can be found in the notes to the basic financial statements.

Pension and other post-employment benefits

The City participates in the Texas Municipal Retirement System ("TMRS"), an agency authorized by the State of Texas. Full-time City employees contribute a fixed percentage of their gross pay (currently 7%). TMRS participants are immediately vested in the funds they contribute plus allocated interest. Participants are vested in employer contributions after five years of credited participation. If participants withdraw from TMRS prior to five years of credited participation, they may withdraw from TMRS those funds they contributed plus interest earnings. The City has historically provided postretirement health and dental care benefits for certain retirees and their dependents. As of the current fiscal year, there were 182 retired employees receiving these benefits. Additional information on the City's pension arrangements and post-employment benefits can be found in the notes to the basic financial statements.

City's Response to the COVID-19 Pandemic

The City received $3,738,900 in CARES Act funding from the Federal Government through Tarrant County in 2020. The City has received both tranches of the American Rescue Plan Act (ARPA) funding totaling $9,533,205. City management implemented a needs based priority project list to utilize the ARPA funding and all ARPA funds must be fully encumbered by December 2024 and spent by December 2026.

Awards

Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to North Richland Hills for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. This was the 37th consecutive year the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021 has been submitted to GFOA for evaluation, but at the time this document was published, the City had not received notification that it had received the award. Based on past performance, it is believed this Annual Comprehensive Financial Report and previous 2021 report continue to meet the Certificate of Achievement Program's requirements. Upon approval by the City Council, this report will be submitted to GFOA to determine its eligibility for another certificate.

The City also received the Distinguished Budget Presentation award for its 2022 budget document. This was the 31st consecutive year the City received this award.

Acknowledgments

Timely preparation of this Annual Comprehensive Financial Report was made possible by the dedicated service of the Finance Department, our independent auditors, and other City staff. We would like to express sincere appreciation to those who contributed to the process.

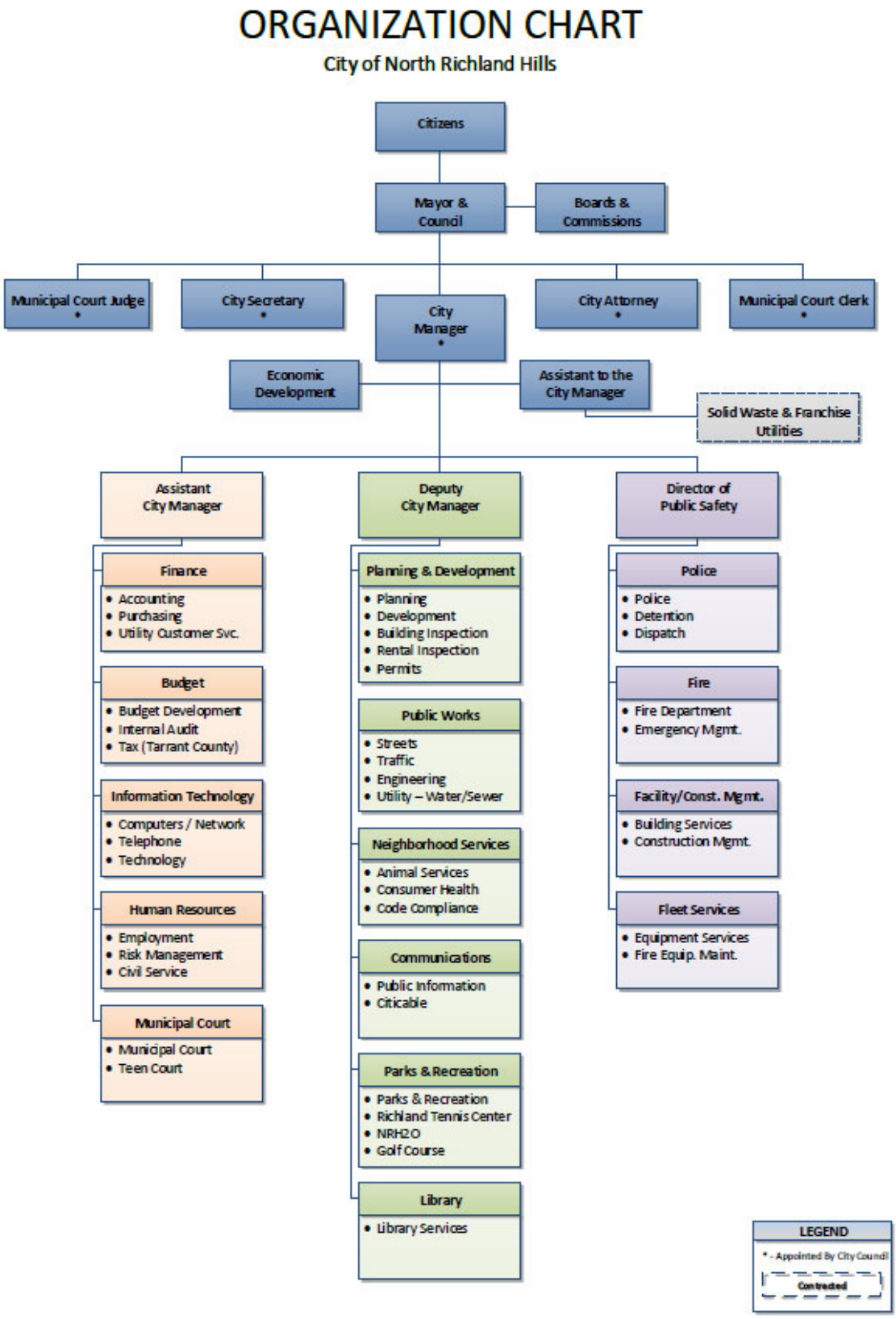
In closing, the continued leadership and support of the Mayor, City Council, and City Manager in planning and conducting the financial operation of the City is sincerely appreciated.

Respectfully submitted,

Mark C. Mills
Director of Finance

CITY OF NORTH RICHLAND HILLS, TEXAS

ORGANIZATIONAL CHART AS OF SEPTEMBER 30, 2022



CITY OF NORTH RICHLAND HILLS, TEXAS
PRINCIPAL OFFICIALS
September 30, 2022

CITY COUNCIL

MAYOR.....OSCAR TREVINO

COUNCIL MEMBER, PLACE 1, MAYOR PRO TEM.....TITO RODRIGUEZ

COUNCIL MEMBER, PLACE 2,..... RITA WRIGHT OUJESKY

COUNCIL MEMBER, PLACE 3,.....SUZY COMPTON

COUNCIL MEMBER, PLACE 4,..... MASON ORR

COUNCIL MEMBER, PLACE 5 .....BLAKE VAUGHN (*)

COUNCIL MEMBER, PLACE 6, ASSOCIATE MAYOR PRO TEM.....SCOTT TURNAGE

COUNCIL MEMBER, PLACE 7, DEPUTY MAYOR PRO TEM.....KELVIN DEUPREE

(*) BLAKE VAUGHN was elected on November 2, 2022 to fill the unexpired term for Place 5.

CITY STAFF

City Manager ..... Mark Hindman
Deputy City Manager ..... Paulette Hartman
Assistant City Manager .....Karen Manila
Director of Public Safety / Chief of Police ..... Jimmy Perdue
City Secretary / Chief Governance Officer .....Alicia Richardson
City Attorney..... Maleshia McGinnis
Director of Finance .....Mark Mills
Director of Budget and Research.....Trudy Lewis
Director of Human Resources..... Patrick Hillis
Director of Economic Development .....Craig Hulse
Director of Planning.....Clayton Comstock
Chief Building Official..... Dave Pendley
Public Information Officer ..... Mary Peters
Director of Information Technology .....Eric Von Schimmelmann
Municipal Court Administrator .....Rebecca Vinson
Director of Neighborhood Services..... Stefanie Martinez
Library Director.....Cecilia Hurt Barham
Fire Chief..... Stan Tinney
Director of Public Works..... Caroline Waggoner
Director of Facilities & Construction ..... Chris Amarante

Financial Section

NRH

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of City Council
City of North Richland Hills, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Richland Hills (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, pension information, other-post employment benefit information, and certain budget to actual schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules and budget to actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules and budget to actual schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical section, and glossary, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Whitley Penn LLP

Fort Worth, Texas
March 14, 2023

NRH

The City of North Richland Hills, Texas (the "City") Management's Discussion and Analysis ("MD&A") is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, and should be read in conjunction with the City's financial statements (beginning on page 15).

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2022 by over $402.0 million (net position).
- The City's total net position increased by $35.0 million in fiscal year 2022 from the beginning net position of $367.0 million. Additional details of this change may be found beginning on page 30 (Statement of Activities).
- As of September 30, 2022, the City's governmental funds reported combined fund balances of $107,900,858, which represents an increase of $1.4 million in comparison to the prior fiscal year's ending balance.
- Approximately 25.6% of total governmental fund balance, or $27,612,957, is available for appropriation at the City's discretion (assigned and unassigned fund balance).
- The City's objective regarding fund balance for the General Fund is to maintain a minimum unassigned fund balance to operate the City for a period of 60 days or 15% of the following year's appropriated budgeted expenditures. This objective was met at year end.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $19,278,460 or 36.0% of General Fund actual expenditures, including transfers out, for 2022. This unassigned balance represents 33.3% of the fiscal year 2023 adopted budget.
- The City's total debt decreased by approximately $8.4 million during the fiscal year 2022. This is due to scheduled principal payments of $23.9 million – inclusive of the March 2022 defeasance of the outstanding debt for Tax Increment Financing District # 2 (TIF #2) – and the issuance of $15.5 million in General Obligation Bonds ("GO's") and Certificates of Obligation ("CO's").

Overview of the Financial Statements

MD&A is intended to introduce the reader to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other required supplementary information in addition to the basic financial statements.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All of the current year's revenues and expenses are recognized regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, unused vacation leave). Both the Statement of Net Position and the Statement of Activities are prepared using the accrual basis of accounting as opposed to the modified accrual basis used in governmental funds.

In the Statement of Net Position and the Statement of Activities, the City's operations are separated into two types of activities:

- *Governmental activities* - Most of the City's basic services are reported here, including the activities of public safety, culture and recreation, public works, and general government. Property taxes, sales taxes, and franchise fees finance most of these activities.

- *Business-type activities* – For this type of activity, the City charges a fee to customers to cover all or most of the cost of services provided including the recovery of costs of capital assets used in the delivery of such services. The City's water and sewer, golf course, and aquatic park activities are reported here.

The government-wide financial statements can be found starting on page 29 of the annual comprehensive financial report.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law, bond covenants, or Council ordinance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- *Governmental funds* - The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances available for appropriation at year-end. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Statements of governmental funds provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available for appropriation in the near future to finance City programs. By comparing information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

  The City maintains five major individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds. The General Fund, General Capital Projects Fund, General Debt Service Fund, Parks and Recreation Development Fund, and the Grants Fund are the major governmental funds of the City. Data from the other non-major governmental funds are combined into a single, aggregated presentation in the governmental statements. Financial statements for the governmental funds can be found starting on page 32 of this report.

- *Proprietary funds* - The objective of proprietary funds is to charge customers, both internal and external, for services provided in an amount sufficient to cover virtually all costs including the replacement of assets used in the delivery of such services. These services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are almost identical to the business-type activities that are reported in the government-wide statements, but provide more detail and additional information, such as the statement of cash flows. The internal service funds (the other component of proprietary funds) are utilized to report activities that provide supplies and services for the City's other programs and activities, such as the City's facilities maintenance and construction services, fleet management, employee and property insurance coverage, and telephone and computer services. Because these services benefit both governmental and business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

  The City maintains three enterprise funds, which it uses to account for the provision of water and wastewater services, golf course operations, and water park activities. The Utility Fund and Aquatic Park are considered major funds. The Golf Fund is considered a non-major enterprise fund. Financial statements for the enterprise funds can be found starting on page 40 of the report.

Notes to the financial statements - The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 47 of this report.

Government-Wide Financial Analysis

The government-wide financial analysis highlights the information contained in the Statement of Net Position and Statement of Activities. The City's combined net position was $402,047,815 as of September 30, 2022. Analyzing the net position of governmental and business-type activities separately, governmental activities total net position was $299,256,766 and business-type activities total net position was $102,791,049. This analysis focuses on the net position and changes in program and general revenues and significant expenses of the City's governmental and business-type activities.

Statement of net position – The largest portion of the City's net position (78.8%) reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services to citizens; consequently, capital assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these obligations. The following table presents the condensed government-wide statement of net position as of September 30, 2022 and 2021. Current and other assets include restricted deposit and investment balances.

Schedule of Assets, Liabilities, and Net Position
Amounts shown in thousands ($000's)
As of September 30, 2022 and 2021

	Governmental Activities		Business-Type Activities		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Current and other assets	$ 143,065	$ 134,086	$ 57,677	$ 45,026	$ 200,742	$ 179,112
Capital assets, net	330,247	327,568	83,723	85,700	413,970	413,268
Total Assets	473,312	461,654	141,400	130,726	614,712	592,380
Total Deferred Outflows of Resources	10,490	8,563	1,700	1,015	12,190	9,578
Long-term liabilities	152,395	176,779	30,957	31,280	183,352	208,059
Other liabilities	5,318	5,477	5,314	5,343	10,632	10,820
Total Liabilities	157,713	182,256	36,271	36,623	193,984	218,879
Total Deferred Inflows of Resources	26,832	14,399	4,037	1,650	30,869	16,049
Net Position:						
Net investments in capital assets	251,882	233,116	64,814	65,154	316,696	298,270
Restricted	14,551	26,928	5,320	4,204	19,871	31,132
Unrestricted	32,824	13,518	32,658	24,110	65,482	37,628
Total Net Position	$ 299,257	$ 273,562	$ 102,792	$ 93,468	$ 402,049	$ 367,030

Statement of activities - Governmental activities increased the City's net position by $25.7 million in fiscal year 2022, and business-type activities increased net position by $9.3 million. The following table presents the condensed government-wide statement of activities for the years ended September 30, 2022 and 2021.

Changes in Net Position
Amounts shown in thousands ($000's)
Years Ended September 30, 2022 and 2021

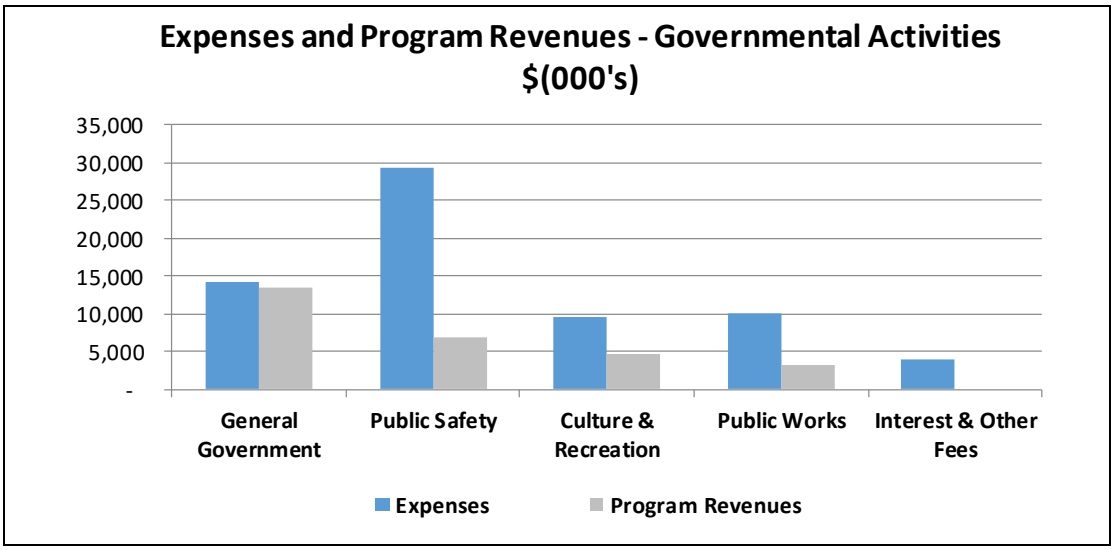
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	$ 14,701	$ 14,027	$ 52,637	$ 46,853	$ 67,338	$ 60,880
Operating grants and contributions	13,154	9,532	-	-	13,154	9,532
Capital grants and contributions	455	244	-	-	455	244
General revenues:						
Property tax	37,241	36,030	-	-	37,241	36,030
Sales tax	26,399	23,960	-	-	26,399	23,960
Mixed beverage	151	129	-	-	151	129
Franchise taxes	3,756	3,558	-	-	3,756	3,558
Occupancy taxes	329	314	-	-	329	314
Unrestricted investment earnings	(787)	110	(301)	3	(1,088)	113
Gain on sale of capital assets	3,420	-	232	-	3,652	-
Miscellaneous	149	981	1,075	41	1,224	1,022
Total Revenue	98,968	88,885	53,643	46,897	152,611	135,782
Expenses:						
General government	14,111	16,218	-	-	14,111	16,218
Public safety	29,249	31,352	-	-	29,249	31,352
Culture and recreation	9,595	11,745	-	-	9,595	11,745
Public works	10,137	10,915	-	-	10,137	10,915
Interest and other fees	4,012	3,681	-	-	4,012	3,681
Utility	-	-	35,405	34,126	35,405	34,126
Aquatic park	-	-	4,472	4,155	4,472	4,155
Golf course	-	-	3,063	2,812	3,063	2,812
Total Expenses	67,104	73,911	42,940	41,093	110,044	115,004
Increase (decrease) in net position before transfers and special item	31,864	14,974	10,703	5,804	42,567	20,778
Transfers between governmental and business-type activities	1,379	2,734	(1,379)	(2,734)	-	-
Special item	(7,548)	-	-	-	(7,548)	-
Net Increase (decrease) in net position	25,695	17,708	9,324	3,070	35,019	20,778
Net Position - Beginning of Year	273,562	255,854	93,468	89,523	367,030	345,377
Prior period adjustment	-	-	-	875	-	875
Net Position - End of Year	$ 299,257	$ 273,562	$ 102,792	$ 93,468	$ 402,049	$ 367,030

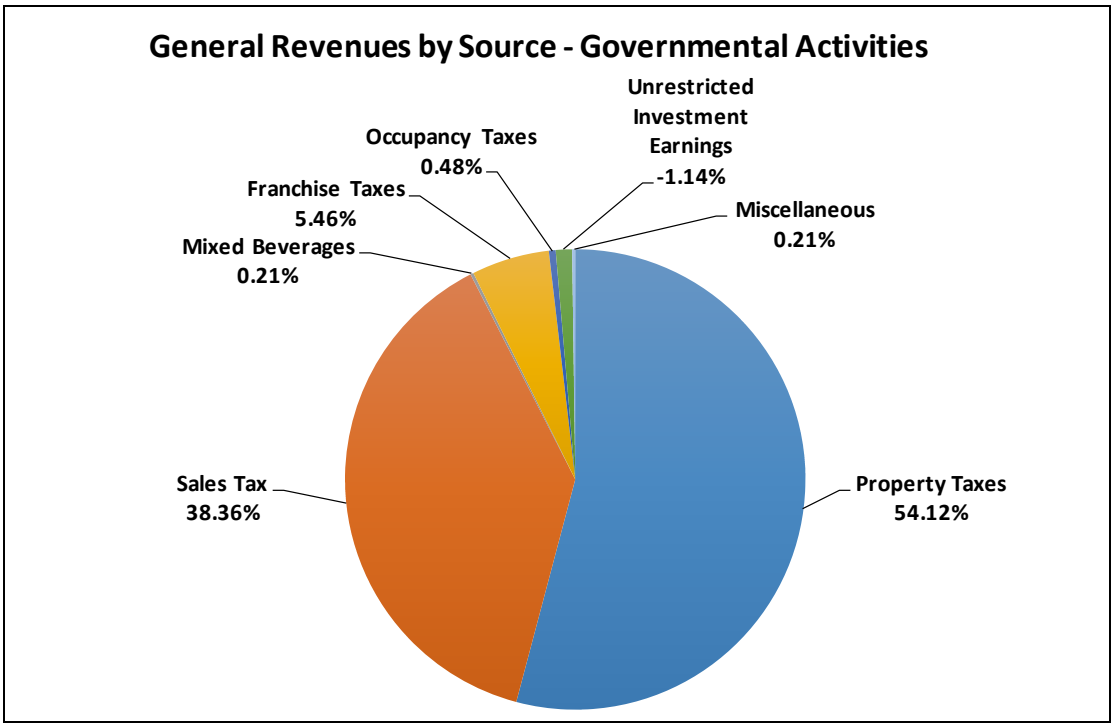
Governmental activities - In comparison to fiscal year 2021, overall assets for Governmental Activities increased $11.7 million or 2.5% in 2022. Capital assets, net of depreciation, increased $2.7 million or 0.8% in 2022. This activity was related to capital improvement projects, specifically improvements to streets and roadways, sidewalks, and equipment replacements as well as park improvements, such as the new Pickle Ball Court at Richfield Park, several playground equipment replacements, and the Trail and On-Road Safety project. Further, the roof of Fire Station # 1 was replaced. Overall, progress on capital acquisitions continues to experience slow progress due to the continuing supply chain impacts. Outstanding debt liabilities decreased by $9.8 million or 8.3% in 2022. This decrease was due to the defeasance of the outstanding debt for Tax Increment Financing District # 2 (TIF 2), the annual debt service payment for all other outstanding debt, and the issuance of the 2022 General Obligation and Certificates of Obligation bonds.

Governmental activities increased the City's net position by approximately $25.7 million in fiscal year 2022. The City had an increase in tax revenues of $3.9 million during 2022. Property taxes increased $1.2 million, sales tax increased by $2.4 million, and franchise taxes increased by $0.2 million. The property tax rate was decreased slightly from $0.57570 to $0.57218. In fiscal year 2022 the City experienced significant growth in its taxable value base. This increase was the result of changes in existing values as well as additional values from new construction. Sales taxes increased 10.0% as a result of gains in online sales due in large part to the pandemic, which were bolstered by changes brought about by the Supreme Court's Wayfair decision, and the recent increases on retail prices from inflation.

Charges for services increased approximately $0.7 million or 4.8% in fiscal year 2022. The primary driver for the increase is Parks and Recreation which saw operations continue to recover from the downturn associated with the pandemic as memberships and activities exceeded pre-pandemic performance. Other increases were associated with development and construction activity in the City. Operating Grants and Contributions increased approximately $3.6 million or 38.0% in fiscal year 2022 This increase was expected due to the receipt of both the American Rescue Plan traunches as well as increased grant awards to the Public Safety departments. Capital Grants and Contributions increased approximately $0.2 million or 86.5% in fiscal year 2022. Significant projects included the North Texas Anti-Gang Center and other Public Safety program activities.

Governmental activities saw a total decrease in expenses totaling approximately $6.8 million or approximately 9.2% below 2021 levels. This decrease is attributable to decreases in general government and culture & recreation. Debt service interest and other fees increased by approximately 9.0%. Refer to the fund level financial analysis section for further details.

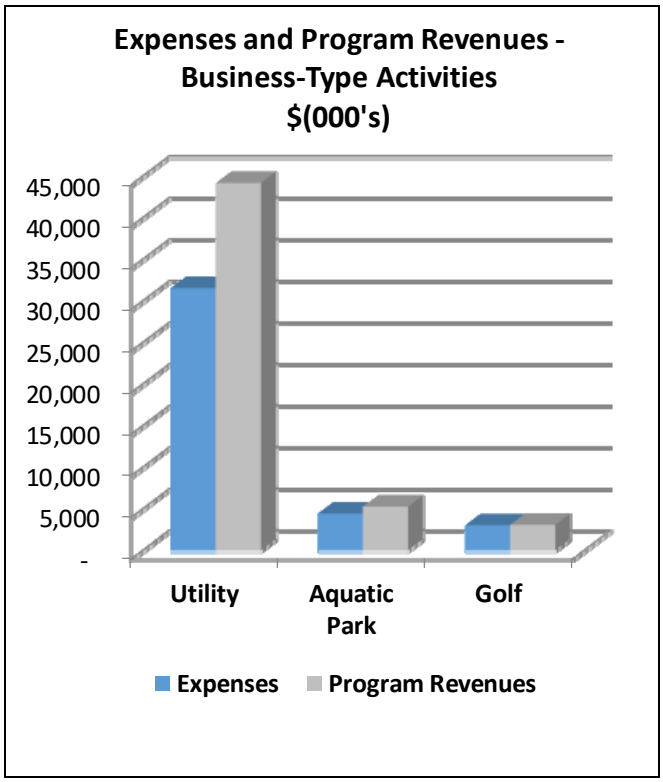


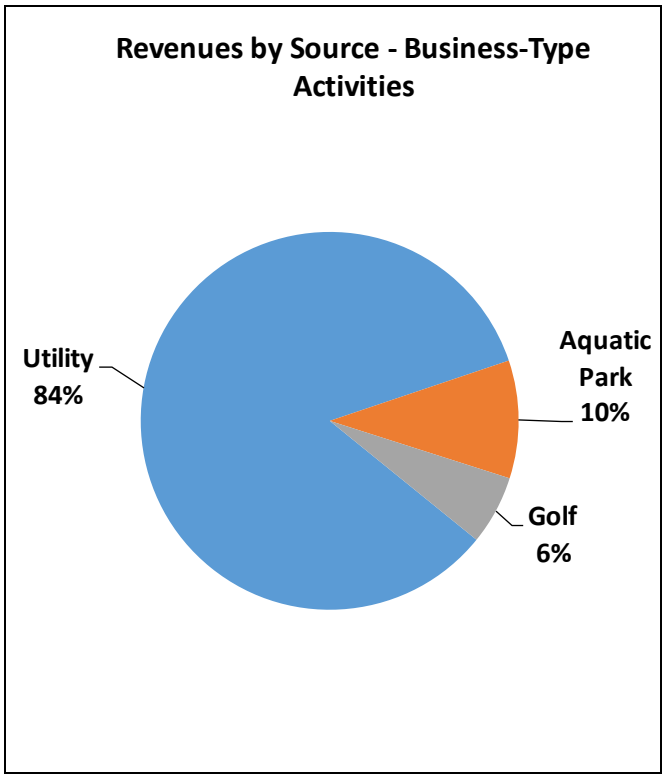


Business-type activities – Business-type activities resulted in an increase to the City's total net position of $9.3 million in 2022 Total net revenue for Business-type activities was approximately $9.9 million with the Utility fund operations generating $8.8 million of that total. Aquatic park generated $0.83 million in net revenue and Golf Course generated $0.27 million. Transfers to other funds reduced the net revenue by $4.5 million.

Aquatic Park and Golf course operations are funded by consumers who patronize each facility. The City owned Golf Course, Iron Horse, is currently managed by KemperSports. KemperSports assumed management of the facility beginning April 2022, after an extensive Request for Proposal process. The City's previous management company – ARCIS – had begun to move away from managing courses owned by other entities and focusing on the properties which they owned, and thus did not respond to the RFP. Significant upgrades where made to the Golf Course, as well as the refurbishment of the clubhouse, as part of a fiscal year 2020 capital project. It reopened to full operations in October 2020 and with increasing play during the each of the past two fiscal years. The Aquatic park experienced near record overall revenues in multiple areas and per-attendee spending during the summer season of fiscal year 2022. Attendance at the park increased by 8% over prior year levels.

The Utility Fund generally experienced higher sales in the summer heat which increased revenues. However, increases in the wholesale provider costs for water and sewer services continue to put pressure on the fund. On the whole, the weather demonstrated how sensitive these business-type activities can be in regard to climate conditions.





Fund Level Financial Analysis

Governmental Funds - The focus of the City of North Richland Hills' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City's Council itself, or the designated individual delegated the authority to assign resources for use for particular purposes (Council Designated).

At September 30, 2022, the City's governmental funds reported combined fund balances of $107,900,858, an increase of $1,442,048 in comparison with prior year. Unassigned fund balance of $18,921,859 is available for spending at the government's discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form ($97,251), 2) legally required to be maintained intact or to be used for a particular purpose ($52,864,698), 3) committed for particular purposes ($27,325,952), or 4) assigned for particular purposes ($8,691,098).

The General Fund is the chief operating fund of the City. For fiscal year 2022, the General Fund unassigned fund balance was $19,278,460 – an increase of $1,860,112. Unassigned fund balance represents approximately 38.7% of total General Fund expenditures for 2022, while total fund balance represents 43.3%. The General Fund balance increase was due primarily to higher than anticipated revenue, particularly Sales Tax, increases in activities related to Parks. Licenses and Permit revenue related to development also contributed to the increase while spending was within expectations.

The General Capital Projects fund increased governmental fund balance by approximately $24.9 million. During fiscal year 2022, the City issued $15.475 million in general obligation bonds and certificates of obligations for capital projects. Of the fund's $7.2 million expenditures, a significant portion can be attributed to improvements in the public street network including, completion of Rufe Snow & Mid-Cities improvements, Northeast Parkway and Davis Traffic signalization, and various other street and sidewalk maintenance projects. Other projects include the replacement of the roof on Fire Station # 1, addition of Pickle Ball courts to Richfield Park, completion of the Trail and On-Road Safety project with TxDot, and the completion of Fossil Creek Mountain Bike trail.

General Debt Service fund decreased governmental fund balance by $14,442. The decrease is associated with retirement of debt through principal and interest payments for 2022.

Parks and Recreation Development Corporation increased governmental fund balance by $2,010,439 which is primarily due to a return to normal operations for the Parks and Recreation department as a whole with an increase in demand for these services.

The Grants Fund decreased governmental fund balance by $331,203, resulting in an ending deficit fund balance of $356,601. The decrease was due to advance spending for grant projects pending approval.

Proprietary Funds - The proprietary funds provide the same type of information found in the government-wide financial statements.

General Fund Budgetary Highlights

Original budget compared to final budget. During the fiscal year, there were sufficient reasons to revise original estimated revenues and expenditures. Revenue amendments resulted in a net increase of $798,860. Total revenue and other resources increased $1,457,357. Modifications were made to specific revenue projections, based on known activities and observed collection trends throughout the fiscal year. The City continued steady growth, adding another 240 new single-family homes, with an average value over $450,000, while approving 150 additional lots. Together with the increase in permit activity, the estimated revenue from Licenses and Permits was increased $38,000. Due to continued activity and the earlier than anticipated timing of projects, actual performance outpaced the revised estimate. Based on observed collection trends, estimated Sales Taxes collections were increased $1,065,080. Fine & Forfeitures were decreased by $180,722 based on projections. During the fiscal year, the City experienced lower than anticipated citation issuance, caused by specific activities related to some grant initiatives undertaken by the City and vacant positions.

An area with a significant change in the Revised from the Original Budget was Other Appropriations, which increased by $658,497. This change included appropriations for anticipated land purchases along TEXRail for future redevelopment and transfers for capital projects related to maintenance of the existing street network.

Final budget compared to actual results. Revenue sources saw positive variances in all operational categories with the planned appropriation of reserves not required. A net positive revenue variance of $1,161,477 in the tax revenues grouping and a net positive variance of $1,378,687 in the non-tax revenue groupings resulted from collections received above projections, even after further analysis and an upward revision to most categories.

Capital Asset and Debt Administration

Capital assets - At the end of fiscal year 2022, the City had $414.0 million (net of accumulated depreciation) invested in a broad range of capital assets including, but not limited to, police and fire equipment, buildings, park facilities, roads, bridges, aquatic park facilities, golf course assets, and the water and sewer system. The following table provides capital asset balances net of accumulated depreciation for each major category for both governmental and business-type activities as of September 30, 2022 and 2021.

Capital Assets
(net of Accumulated Depreciation)
Amounts shown in thousands (000's)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land and land improvements	$ 81,148	$ 81,331	$ 2,579	$ 2,579	$ 83,727	$ 83,910
Works of art	310	310	-	-	310	310
Buildings & improvements	88,287	92,162	2,079	2,408	90,366	94,570
Other improvements	135,209	130,651	6,434	13,569	141,643	144,220
Utility plant	-	-	61,877	65,157	61,877	65,157
Machinery and equipment	15,280	17,133	9,215	1,121	24,495	18,254
Right-to-use leased equipment	98	-	174	-	272	-
Assets held for sale	15	15	-	-	15	15
Construction in progress	9,900	5,966	1,365	866	11,265	6,832
Total Capital Assets	$ 330,247	$ 327,568	$ 83,722	$ 85,700	$ 413,970	$ 413,268

This year's major additions included:

Description	Amount
Buildings	$ 340,159
Water / Sewer Replacement and Improvements	5,887,862
Street Improvements	9,941,601
Computer, Machinery, and Equipment	1,146,657
Vehicles	194,474

The City prepares an annual Capital Improvement Projects budget that assigns specific funds and resources for use to only these projects. Until appropriations are removed, these resources are unavailable for general operations or new capital projects.

The City currently has committed resources (displayed as Noncurrent Assets—cash and cash equivalents in the Statement of Net Position) totaling $69,799,049 for both the Governmental and Business-type activities. These resources will be used to purchase major equipment, construct new buildings, and add new infrastructure such as water and sewer lines and streets. More information on capital assets can be found in footnote III.C in the Footnotes to the financial statements.

Debt - At September 30, 2022 and 2021, the City had the following debt outstanding:

Outstanding Debt
Amounts shown in thousands (000's)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	$ 68,730	$ 65,385	$ 2,540	$ 3,060	$ 71,270	$ 68,445
Certificates of obligation	31,500	41,040	20,680	18,750	52,180	59,790
General obligation bonds - Private placement	300	565	100	120	400	685
Certificates of obligation - Private placement	-	-	815	-	815	-
Special assessment bonds	8,050	11,375	-	-	8,050	11,375
Leases	98	-	176	233	274	233
Totals	$ 108,678	$ 118,365	$ 24,311	$ 22,163	$ 132,989	$ 140,528

The presently outstanding general obligation debt of the City is rated "AA2" by Moody's and "AA+" by S&P. As a home rule city, the City is limited by Article XI, Section 5 of the State of Texas Constitution to a maximum tax rate for all purposes of $2.50 per $100 of valuation, though within that figure there is no legal limit upon the amount of taxes which can be levied for debt service. The City's Charter provides that general property taxes are limited to $1.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation debt. For fiscal year 2022, the City's property tax rate is $0.572184 per $100 assessed valuation. The current ratio of tax-supported debt to assessed value of all taxable property is 1.57%. Additional detailed information on long-term debt activity is disclosed in the notes (III-E) to the financial statements.

Pensions and Retiree Health Care

Pensions and retiree health care continue to receive negative media attention as governments around the nation struggle to fund these commitments. The City is committed to providing programs in these areas that are fair to both employees and taxpayers and that can be sustained over the long term.

Effective for fiscal year 2015, Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, created specific reporting requirements for pensions that are different than that used for funding purposes. Both valuations are important as the reporting valuation provides a rigorous standard measure that can be used to compare the City's pension liabilities to other governments from around the nation. The funding valuation is important because the actuarial methods used include strategies for repaying any unfunded actuarial accrued liabilities. Combined with the City's history of making those contributions, it provides insights regarding the City's commitment to and the effectiveness of its funding strategy. Information contained in the financial statements themselves including the first schedule of Required Supplementary Information ("RSI"), Schedule of Changes in Net Pension Liability and Related Ratios, is based on the reporting valuation. The second schedule in the RSI, Schedule of Contributions, is based on the funding valuation. On a reporting basis, the City's financial statements reflect a Net Pension Liability as of September 30, 2022 of $4,220,714, which is 10.9% of the City's annual covered payroll of $38,724,529 for the 2021 calendar year.

Retiree health care's net OPEB liability has been calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* to be $32,635,155 as of September 30, 2022, a decrease of $3,152,923 from the previous valuation.

Economic Factors and Next Year's Budgets and Rates

The two largest revenue sources for the General Fund are property tax revenues and sales tax receipts. After working through a struggling economy, the City of North Richland Hills is finally experiencing a stabilization. In June 2019, the Texas state legislature passed Senate Bill 2 (SB-2) which limits the ability of local governments to increase property tax revenues above 3.5% without an affirmative vote of the citizens within the jurisdiction. For budget year 2021/2022, sales tax receipts are anticipated to be roughly 2% higher than the 2020/2021 actual. Property tax values are anticipated to continue rising due to steady new construction growth. Currently, the City of North Richland Hills projects 5-7% growth in property values, though a greater increase is not out of the realm of possibility.

The fiscal year 2023 budget was based on a 4.23% decrease to the property tax rate from $0.572184/$100 to $0.547972/$100. For fiscal year 2023, the estimated tax rate distribution amounts for maintenance & operations and interest & sinking (per $100 assessed value) for the City are as follows:

Tax Rate Distribution Schedule	Tax Rate	Tax Rate Distribution
General Fund - Maintenance & Operations	$ 0.347744	$ 25,536,879
Debt Service Fund - Interest & Sinking	0.200228	13,507,630
Total Distribution of tax proceeds	$ 0.547972	$ 39,044,509

By policy, the City maintains an unassigned General fund balance of 15% of budgeted expenditures. The use of available fund balance for one-time expenditures eliminates the financial impact of such purchases on future budgets.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of North Richland Hills, Director of Finance, P.O. Box 820609, North Richland Hills, Texas 76182-0609.

Behind the Book with Candice Millard

Candice Millard, the New York Times bestselling author of *Destiny of the Republic* and *The River of Doubt* and former National Geographic journalist, visited the NRH Library on Tuesday, June 14, 2022. Candice discussed her latest book, *River of the Gods: Genius, Courage, and Betrayal in the Search for the Source of the Nile,* and shared fascinating stories of her own research with the large and enthusiastic crowd of book lovers. The event also included a ticketed dinner reception with the author and a free book signing.

Bandan Koro

On Thursday, April 14 2022, the NRH Library was happy to host the Bandan Koro African Drum and Dance Ensemble for a dynamic and interactive performance of African song and dance as part of their Celebrating Culture Series. Bandan Koro was founded by Tony Browne in 2009 as an outlet to study and share experiences associated with African culture and history with the community at large through the presentation of dance, music, and specialized presentations. The ensemble of musicians, singers, dancers, storytellers, and educators engage with diverse audiences year-round, fostering values of love, pride, cultural engagement, and excellence within the communities that they visit.

Basic Financial Statements

NRH

CITY OF NORTH RICHLAND HILLS, TEXAS

STATEMENT OF NET POSITION

September 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash and cash equivalents	$ 54,307,990	$ 6,749,256	$ 61,057,246
Investments	32,611,979	9,320,757	41,932,736
Receivables, net of allowances	9,042,685	5,899,460	14,942,145
Interfund balances	500,000	(500,000)	-
Prepaids	533,032	69,536	602,568
Inventories, at cost	325,003	556,001	881,004
Internal balances	(13,184,232)	13,184,232	-
Total Current Assets	84,136,457	35,279,242	119,415,699
Noncurrent Assets:			
Cash and cash equivalents	49,162,574	20,636,475	69,799,049
Investments	9,765,896	1,761,537	11,527,433
Capital assets not being depreciated	91,372,938	3,943,725	95,316,663
Capital assets, net of accumulated depreciation	238,874,090	79,777,892	318,651,982
Total Noncurrent Assets	389,175,498	106,119,629	495,295,127
Total Assets	473,311,955	141,398,871	614,710,826
Deferred Outflows of Resources			
Deferred loss on refunding	271,242	25,625	296,867
Deferred outflows - OPEB	2,577,336	900,584	3,477,920
Deferred outflows - Pension	7,641,539	773,704	8,415,243
Total Deferred Outflows of Resources	10,490,117	1,699,913	12,190,030
Liabilities			
Current Liabilities:			
Accounts payable and accrued liabilities	2,859,952	1,590,420	4,450,372
Deposits and other liabilities	1,743,172	86,233	1,829,405
Customer deposits	-	3,463,760	3,463,760
Unearned revenue	272,919	77,376	350,295
Accrued interest payable	441,999	95,921	537,920
Total Current Liabilities	5,318,042	5,313,710	10,631,752
Noncurrent Liabilities:			
Due within one year: Bonds, leases, compensated absences	9,910,942	2,229,157	12,140,099
Due in more than one year:			
Intergovernmental payables	-	1,302,459	1,302,459
Net OPEB liability	29,509,296	3,125,859	32,635,155
Net pension liability	3,482,293	738,421	4,220,714
Bonds, leases, compensated absences	109,492,511	23,561,402	133,053,913
Total Noncurrent Labilities	152,395,042	30,957,298	183,352,340
Total Liabilities	157,713,084	36,271,008	193,984,092
Deferred Inflows of Resources			
Deferred gain on refunding	-	32,894	32,894
Deferred inflows - OPEB	9,318,119	2,069,196	11,387,315
Deferred inflows - Pension	15,986,132	1,934,637	17,920,769
Deferred inflows - Leases	1,527,971	-	1,527,971
Total Deferred Inflows of Resources	26,832,222	4,036,727	30,868,949
Net Position			
Net investment in capital assets	251,882,289	64,812,681	316,694,970
Restricted for:			
Municipal court technology & security	849,872	-	849,872
Franchise peg fees	920,167	-	920,167
Records preservation fees	4,000	-	4,000
Parks and recreation development	6,601,928	-	6,601,928
Crime control district	2,665,447	-	2,665,447
Debt service	741,895	-	741,895
Promotional & economic development	1,600,724	-	1,600,724
Public safety	1,166,832	-	1,166,832
Impact fees restricted for construction	-	5,320,387	5,320,387
Unrestricted	32,823,612	32,657,981	65,481,593
Total Net Position	$ 299,256,766	$ 102,791,049	$ 402,047,815

CITY OF NORTH RICHLAND HILLS, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	$ 14,110,928	$ 6,126,357	$ 7,387,181	$ 11,486
Public safety	29,248,967	2,467,199	4,366,048	-
Culture and recreation	9,595,172	4,222,470	437,405	-
Public works	10,137,484	1,884,173	963,463	443,553
Interest and other fees	4,011,988	-	-	-
Total Governmental Activities	67,104,539	14,700,199	13,154,097	455,039
Business-Type Activities:				
Utility	35,405,018	44,216,547	-	-
Aquatic park	4,472,396	5,308,121	-	-
Golf course	3,062,987	3,112,201	-	-
Total Business-Type Activities	42,940,401	52,636,869	-	-
Total Primary Government	$ 110,044,940	$ 67,337,068	$ 13,154,097	$ 455,039

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Primary Government			
Governmental Activities:			
General government	$ (585,904)	$ -	$ (585,904)
Public safety	(22,415,720)	-	(22,415,720)
Culture and recreation	(4,935,297)	-	(4,935,297)
Public works	(6,846,295)	-	(6,846,295)
Interest and other fees	(4,011,988)	-	(4,011,988)
Total Governmental Activities	(38,795,204)	-	(38,795,204)
Business-Type Activities:			
Utility	-	8,811,529	8,811,529
Aquatic park	-	835,725	835,725
Golf course	-	49,214	49,214
Total Business-Type Activities	-	9,696,468	9,696,468
Total Primary Government	(38,795,204)	9,696,468	(29,098,736)
General Revenues and Transfers:			
Taxes:			
Property	37,241,474	-	37,241,474
Sales	26,399,204	-	26,399,204
Mixed beverage	150,849	-	150,849
Franchise	3,755,969	-	3,755,969
Occupancy	328,965	-	328,965
Net unrestricted investment earnings	(786,588)	(301,257)	(1,087,845)
Gain on sale of capital assets	3,419,511	232,011	3,651,522
Miscellaneous	148,772	1,074,905	1,223,677
Special item	(7,547,912)	-	(7,547,912)
Transfers	1,379,404	(1,379,404)	-
Total General Revenues and Transfers	64,489,648	(373,745)	64,115,903
Change in net position	25,694,444	9,322,723	35,017,167
Net Position - Beginning of Year	273,562,322	93,468,326	367,030,648
Net Position - End of Year	$ 299,256,766	$ 102,791,049	$ 402,047,815

CITY OF NORTH RICHLAND HILLS, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2022

	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development
Assets				
Cash and cash equivalents	$ 8,561,131	$ -	$ -	$ 3,511,304
Investments	11,344,249	385,288	-	1,300,358
Receivables, net of allowance:				
Accounts	1,099,703	-	-	-
Property taxes	204,363	-	-	-
Other taxes receivable	2,487,949	-	-	1,161,643
Interest receivable	2,268	1,156	137	749
Special assessments receivable	-	132,657	-	-
Intergovernmental receivables	4,811	-	-	-
Lease receivable	1,483,173	-	-	-
Other receivables	435,775	-	-	40,299
Inventories, at cost	85,038	-	-	12,213
Assets limited to use:				
Cash and cash equivalents	-	58,509,026	647,567	629,863
Investments	-	5,355,155	684,290	2,876,434
Total Assets	$ 25,708,460	$ 64,383,282	$ 1,331,994	$ 9,532,863
Liabilities				
Accounts payable	$ 184,856	$ 859,265	$ -	$ 80,295
Retainage payable	-	79,127	-	-
Accrued liabilities	230,119	-	-	-
Deposits and other liabilities	916,417	729,865	-	70,664
Unearned revenue	128,612	11,424	-	132,883
Total Liabilities	1,460,004	1,679,681	-	283,842
Deferred Inflows of Resources				
Unavailable revenue - ambulance fees	1,003,551	-	-	-
Unavailable revenue - property taxes	204,363	-	-	-
Unavailable revenue - grants	-	-	-	-
Unavailable revenue - assessments	-	132,657	-	-
Unavailable revenue - leases	1,483,173	-	-	-
Total Deferred Inflows of Resources	2,691,087	132,657	-	-
Fund Balance				
Nonspendable:				
Inventories	85,038	-	-	12,213
Restricted:				
Municipal court technology & security	849,872	-	-	-
Franchise peg fees	920,167	-	-	-
Record preservation fee	4,000	-	-	-
Parks and recreation development	-	-	-	6,601,928
Crime control district	-	-	-	-
Debt service	-	-	1,331,994	-
Promotional & economic development	-	-	-	-
Public safety	-	-	-	-
Capital projects (bond funded)	-	36,474,810	-	-
Committed:				
Donations	-	-	-	-
Drainage Utility	-	-	-	-
Gas development	-	-	-	-
Capital projects	-	20,459,748	-	-
Assigned:				
Recreation centre	-	-	-	2,609,469
Capital projects	-	2,682,023	-	-
Purchases on order	419,832	2,954,363	-	25,411
Unassigned	19,278,460	-	-	-
Total Fund Balance	21,557,369	62,570,944	1,331,994	9,249,021
Total Liabilities, Deferred Inflows and Fund Balance	$ 25,708,460	$ 64,383,282	$ 1,331,994	$ 9,532,863

CITY OF NORTH RICHLAND HILLS, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2022

	Grants Fund	Non-major Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 10,297,954	$ 4,159,674	$ 26,530,063
Investments	5,346	4,693,801	17,729,042
Receivables, net of allowance:			
Accounts	-	188,372	1,288,075
Property taxes	-	-	204,363
Other taxes receivable	-	1,246,945	4,896,537
Interest receivable	1	1,109	5,420
Special assessments receivable	-	-	132,657
Intergovernmental receivables	115,014	-	119,825
Lease receivable	-	-	1,483,173
Other receivables	-	268,124	744,198
Inventories, at cost	-	-	97,251
Assets limited to use:			
Cash and cash equivalents	-	2,195,006	61,981,462
Investments	-	850,017	9,765,896
Total Assets	$ 10,418,315	$ 13,603,048	$ 124,977,962
Liabilities			
Accounts payable	$ 92,327	$ 41,763	$ 1,258,506
Retainage payable	14,908	-	94,035
Accrued liabilities	-	-	230,119
Deposits and other liabilities	-	13,154	1,730,100
Unearned revenue	-	-	272,919
Total Liabilities	107,235	54,917	3,585,679
Deferred Inflows of Resources			
Unavailable revenue - ambulance fees	-	-	1,003,551
Unavailable revenue - property taxes	-	-	204,363
Unavailable revenue - grants	10,667,681	-	10,667,681
Unavailable revenue - assessments	-	-	132,657
Unavailable revenue - leases	-	-	1,483,173
Total Deferred Inflows of Resources	10,667,681	-	13,491,425
Fund Balance			
Nonspendable:			
Inventories	-	-	97,251
Restricted:			
Municipal court technology & security	-	-	849,872
Franchise peg fees	-	-	920,167
Record preservation fee	-	-	4,000
Parks and recreation development	-	-	6,601,928
Crime control district	-	2,665,447	2,665,447
Debt service	-	815,363	2,147,357
Promotional & economic development	-	1,600,724	1,600,724
Public safety	-	1,166,832	1,166,832
Capital projects (bond funded)	-	433,561	36,908,371
Committed:			
Donations	-	730,905	730,905
Drainage Utility	-	4,046,231	4,046,231
Gas development	-	2,089,068	2,089,068
Capital projects	-	-	20,459,748
Assigned:			
Recreation centre	-	-	2,609,469
Capital projects	-	-	2,682,023
Purchases on order	-	-	3,399,606
Unassigned	(356,601)	-	18,921,859
Total Fund Balance	(356,601)	13,548,131	107,900,858
Total Liabilities, Deferred Inflows and Fund Balance	$ 10,418,315	$ 13,603,048	$ 124,977,962

NRH

CITY OF NORTH RICHLAND HILLS, TEXAS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2022

Total Fund Balances - Governmental Funds	**$ 107,900,858**
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities resources (excluding internal service capital assets) are not financial resources and, therefore, are not reported as net positions in governmental funds.	325,096,016
Certain receivables are not available to pay current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	12,008,252
Internal service funds are used by the City's management for building and vehicle support services, self insurance, and information services. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds, net of amounts included in business type activities, are included with governmental activities in the Statement of Net Position but are not included at the fund level.	17,306,947
Long-term liabilities and related deferred inflows and outflows, including bonds payable, accrued interest payable, compensated absences, other post employment benefits, and net pension liability, are not due and payable in this current period and, therefore, are not reported as liabilities in the funds.	(163,055,307)
Total Net Position - Governmental Activities	**$ 299,256,766**

CITY OF NORTH RICHLAND HILLS, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development
Revenues				
Taxes	$ 39,263,806	$ -	$ 11,541,403	$ 6,609,698
Licenses and permits	3,083,283	-	-	-
Charges for services	2,371,158	8,413	-	3,679,494
Gas utility leases and royalties	-	-	-	-
Fines	1,974,887	-	-	-
Contributions	4,967	-	-	-
Special assessments	-	-	-	-
Investment income (loss)	(202,876)	12,012	(11,218)	(98,264)
Intergovernmental	2,869,295	-	63,068	-
Forfeitures	-	-	-	-
Miscellaneous	484,385	-	-	76,779
Total Revenues	49,848,905	20,425	11,593,253	10,267,707
Expenditures				
General government	9,901,085	-	-	4,498
Public safety	30,713,094	-	-	-
Culture and recreation	3,724,342	-	-	6,730,306
Public works	2,838,477	-	-	-
Capital outlay:				
General government	1,182,813	1,342,157	-	-
Public safety	1,386,915	-	-	-
Culture and recreation	-	743,201	-	58,437
Public works	5,641	4,851,669	-	-
Debt service:				
Principal retirement	26,918	-	9,200,000	3,509
Interest and fiscal charges	781	-	3,322,700	17,633
Bond issuance costs	-	285,378	-	-
Total Expenditures	49,780,066	7,222,405	12,522,700	6,814,383
Excess (deficiency) of revenues over expenditures	68,839	(7,201,980)	(929,447)	3,453,324
Other Financing Sources (Uses)				
Issuance of debt	-	12,200,000	-	-
Premium on issuance of debt	-	875,378	-	-
Proceeds from sale of assets	7,625	520,916	-	47
Transfers in	5,671,614	5,829,261	915,005	510,728
Transfers out	(3,807,653)	-	-	(2,028,029)
Total Other Financing Sources (Uses)	1,871,586	19,425,555	915,005	(1,517,254)
Net change in fund balances before special item	1,940,425	12,223,575	(14,442)	1,936,070
Special item	-	12,672,018	-	74,369
Net change in fund balances	1,940,425	24,895,593	(14,442)	2,010,439
Fund Balances - Beginning of Year	19,616,944	37,675,351	1,346,436	7,238,582
Fund Balances - End of Year	$ 21,557,369	$ 62,570,944	$ 1,331,994	$ 9,249,021

CITY OF NORTH RICHLAND HILLS, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	Grants Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues			
Taxes	$ -	$ 10,485,380	$ 67,900,287
Licenses and permits	-	-	3,083,283
Charges for services	-	1,720,723	7,779,788
Gas utility leases and royalties	-	1,134,010	1,134,010
Fines	-	-	1,974,887
Contributions	-	182,068	187,035
Special assessments	-	963,463	963,463
Investment income (loss)	30,779	(88,791)	(358,358)
Intergovernmental	3,208,552	504,433	6,645,348
Forfeitures	-	108,359	108,359
Miscellaneous	-	1,318	562,482
Total Revenues	3,239,331	15,010,963	89,980,584
Expenditures			
General government	431,546	182,064	10,519,193
Public safety	1,305,127	5,745,677	37,763,898
Culture and recreation	7,956	190,194	10,652,798
Public works	-	3,751,597	6,590,074
Capital outlay:			
General government	354,389	3,775	2,883,134
Public safety	954,291	187,429	2,528,635
Culture and recreation	152,328	2,301	956,267
Public works	27,240	40,671	4,925,221
Debt service:			
Principal retirement	-	12,788,135	22,018,562
Interest and fiscal charges	-	846,545	4,187,659
Bond issuance costs	-	-	285,378
Total Expenditures	3,232,877	23,738,388	103,310,819
Excess (deficiency) of revenues over expenditures	6,454	(8,727,425)	(13,330,235)
Other Financing Sources (Uses)			
Issuance of debt	-	-	12,200,000
Premium on issuance of debt	-	-	875,378
Proceeds from sale of assets	-	2,845,165	3,373,753
Transfers in	117,625	8,369,287	21,413,520
Transfers out	(455,282)	(9,251,492)	(15,542,456)
Total Other Financing Sources (Uses)	(337,657)	1,962,960	22,320,195
Net change in fund balances before special item	(331,203)	(6,764,465)	8,989,960
Special item	-	(20,294,299)	(7,547,912)
Net change in fund balances	(331,203)	(27,058,764)	1,442,048
Fund Balances - Beginning of Year	(25,398)	40,606,895	106,458,810
Fund Balances - End of Year	$ (356,601)	$ 13,548,131	$ 107,900,858

NRH Sounds of Spring provides six weekly concerts at the NRH City Hall with free live music by some of the region's best live performers under the stars.

CITY OF NORTH RICHLAND HILLS, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

Net Change in Fund Balances - Governmental Funds	**$**	**1,442,048**
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		(184,870)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase/(decrease) net position.		(182,726)
Certain deferred inflows of resources were earned in prior year but not yet available for fund level activity. This increase/(decrease) is due to the deferred inflows becoming available in current year.		5,707,226
Certain long-term liabilities are accrued at the government-wide level but not at the fund level. The current year change in those liabilities is reported as expense in the statement of activities. Expenses recorded for accrual of interest and amortization expense are included in this category.		5,967,547
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the difference between repayments and proceeds received.		9,502,852
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet maintenance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities (exclusive of capital assets and debt).		3,442,367
Change in Net Position of Governmental Activities	**$**	**25,694,444**

CITY OF NORTH RICHLAND HILLS, TEXAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

September 30, 2022

	Enterprise Funds				Governmental Activities Internal
	Utility	Aquatic Park	Golf	Total Enterprise	Service
Assets					
Current Assets:					
Cash and cash equivalents	$ 4,934,080	$ 1,360,857	$ 454,319	$ 6,749,256	$ 11,974,537
Investments	8,226,605	912,387	181,765	9,320,757	15,268,225
Accounts receivable, net of allowances:					
Billed	3,288,269	68,901	-	3,357,170	-
Unbilled	2,505,017	-	-	2,505,017	-
Other	8,674	-	26,384	35,058	120,588
Interest receivable	1,910	269	36	2,215	3,051
Lease receivable	-	-	-	-	44,798
Prepaid items	6,813	-	62,723	69,536	533,032
Inventories, at cost	433,439	38,312	84,320	556,071	227,752
Total current assets	19,404,807	2,380,726	809,547	22,595,080	28,171,983
Noncurrent assets:					
Cash and cash equivalents	20,557,699	6,438	72,338	20,636,475	2,599,214
Investments	1,326,727	434,810	-	1,761,537	-
Interfund loan receivable	-	-	-	-	500,000
Capital assets - net:					
Land	75,366	745,771	1,758,000	2,579,137	-
Buildings and improvements	-	2,465,964	802,762	3,268,726	53,976
Other improvements	-	977,380	11,983,759	12,961,139	602,769
Utility plant in service	149,995,003	-	-	149,995,003	-
Machinery and equipment	2,673,449	23,459,279	2,328,803	28,461,531	13,268,854
Right to use leased equipment	9,773	4,043	252,837	266,653	13,682
Construction in progress	1,359,339	5,249	-	1,364,588	-
Accumulated depreciation/amortization	(90,462,032)	(16,792,069)	(7,921,059)	(115,175,160)	(8,788,269)
Total capital assets - net	63,650,898	10,865,617	9,205,102	83,721,617	5,151,012
Total noncurrent assets	85,535,324	11,306,865	9,277,440	106,119,629	8,250,226
Total Assets	104,940,131	13,687,591	10,086,987	128,714,709	36,422,209
Deferred Outflows of Resources					
Deferred loss on refunding	22,803	9,902	-	32,705	-
Deferred outflows - OPEB	770,233	130,351	-	900,584	549,977
Deferred outflows - Pension	661,113	112,591	-	773,704	490,954
Total Deferred Outflows of Resources	1,454,149	252,844	-	1,706,993	1,040,931

CITY OF NORTH RICHLAND HILLS, TEXAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

September 30, 2022

	Enterprise Funds				Governmental Activities Internal Service
	Utility	Aquatic Park	Golf	Total Enterprise	
Liabilities					
Current Liabilities:					
Accounts payable and accrued expenses	$ 1,390,663	$ 34,737	$ 165,020	$ 1,590,420	$ 344,547
Deposits and other liabilities	83,157	3,076	-	86,233	945,817
Customer deposits	3,463,760	-	-	3,463,760	-
Compensated absences	69,575	6,526	-	76,101	63,459
Unearned revenue	263	13,213	63,900	77,376	-
Accrued interest payable	63,215	20,208	12,498	95,921	-
Bonds payable	1,295,000	550,000	215,000	2,060,000	-
Lease payable	-	-	93,056	93,056	-
Total current liabilities	6,365,633	627,760	549,474	7,542,867	1,353,823
Noncurrent Liabilities:					
Bonds payable	16,066,209	3,924,505	3,077,824	23,068,538	-
Lease payable	7,078	2,928	72,676	82,682	9,908
Compensated absences	319,242	90,940	-	410,182	305,131
Interfund loan payable	-	500,000	-	500,000	-
Intergovernmental payables	1,302,459	-	-	1,302,459	-
Net OPEB liability	2,654,977	470,882	-	3,125,859	2,308,757
Net pension liability	655,015	83,406	-	738,421	538,257
Total noncurrent labilities	21,004,980	5,072,661	3,150,500	29,228,141	3,162,053
Total Liabilities	27,370,613	5,700,421	3,699,974	36,771,008	4,515,876
Deferred Inflows of Resources					
Deferred gain on refunding	38,399	1,575	-	39,974	-
Deferred inflows - OPEB	1,774,792	294,404	-	2,069,196	1,203,674
Deferred inflows - Pension	1,654,357	280,280	-	1,934,637	1,207,613
Deferred inflows - Leases	-	-	-	-	44,798
Total Deferred Inflows of Resources	3,467,548	576,259	-	4,043,807	2,456,085
Net Position					
Net investment in capital assets	52,663,202	6,402,948	5,746,531	64,812,681	5,141,117
Impact fees restricted for construction	5,320,387	-	-	5,320,387	-
Unrestricted net position (deficit)	17,572,530	1,260,807	640,482	19,473,819	25,350,062
Total Net Position (Deficit)	$ 75,556,119	$ 7,663,755	$ 6,387,013	89,606,887	$ 30,491,179
Reconciliation to business-type activities:					
Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal balances are included with business-type activities.				13,184,232	
Net Position of business type activities				$ 102,791,119	

CITY OF NORTH RICHLAND HILLS, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS

For the Year Ended September 30, 2022

	Enterprise Funds				Governmental Activities Internal Service
	Utility	Aquatic Park	Golf	Total Enterprise	
Operating Revenues					
Charges for services:					
Water and sewer service	$ 42,587,215	$ -	$ -	$ 42,587,215	$ -
Service charges	1,224,612	-	-	1,224,612	-
Inspection fees	56,210	-	-	56,210	-
Golf course fees and charges	-	-	3,110,463	3,110,463	-
Aquatic park admissions and services	-	5,308,121	-	5,308,121	-
Risk management	-	-	-	-	15,110,687
Facilities and fleet management	-	-	-	-	6,922,606
Information systems management	-	-	-	-	3,610,032
Miscellaneous revenues	1,090,320	46,066	1,738	1,138,124	463,980
Total Operating Revenues	44,958,357	5,354,187	3,112,201	53,424,745	26,107,305
Operating Expenses					
Claims	-	-	-	-	9,490,155
Contractual services	2,364,220	852,190	-	3,216,410	2,401,245
Water purchases	11,533,261	-	-	11,533,261	-
Wastewater treatment services	5,791,541	-	-	5,791,541	-
Personnel services	6,413,037	1,716,012	-	8,129,049	4,093,201
Golf course sales and service	-	-	2,627,017	2,627,017	-
Repairs and maintenance	4,027,906	97,340	-	4,125,246	246,771
Supplies	315,395	764,059	-	1,079,454	1,338,427
Depreciation	4,096,562	936,915	350,444	5,383,921	279,957
Total Operating Expenses	34,541,922	4,366,516	2,977,461	41,885,899	17,849,756
Operating income (loss)	10,416,435	987,671	134,740	11,538,846	8,257,549
Nonoperating Revenues (Expenses)					
Investment income	(262,422)	(39,459)	624	(301,257)	(428,230)
Interest and fiscal charges	(480,478)	(105,880)	(88,026)	(674,384)	(109)
Bond issuance costs	(106,717)	-	-	(106,717)	-
Other income	13,698	-	-	13,698	14,229
Gain (loss) on disposal of assets	-	-	232,011	232,011	90,588
Total Nonoperating Revenues (Expenses)	(835,919)	(145,339)	144,609	(836,649)	(323,522)
Income (loss) before transfers	9,580,516	842,332	279,349	10,702,197	7,934,027
Transfers					
Transfers in	38,894	5,192	-	44,086	498,888
Transfers out	(4,583,276)	-	-	(4,583,276)	(1,830,762)
Total Transfers - Net	(4,544,382)	5,192	-	(4,539,190)	(1,331,874)
Change in net position	5,036,134	847,524	279,349	6,163,007	6,602,153
Net Position - Beginning of Year	70,519,985	6,816,231	6,107,664	83,443,880	23,889,026
Net Position - End of Year	$ 75,556,119	$ 7,663,755	$ 6,387,013	$ 89,606,887	$ 30,491,179

Reconciliation to business-type activities:	
Change in net position of enterprise funds	$ 6,163,007
Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal balances are included with business-type activities.	3,159,786
Change in net position of business type activities	$ 9,322,793

CITY OF NORTH RICHLAND HILLS, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended September 30, 2022

	Enterprise Funds				Governmental Activities Internal Service
	Utility	Aquatic Park	Golf	Total Enterprise	
Cash flows from operating activities:					
Receipts from customers	$ 43,258,865	$ 5,263,810	$ 3,056,332	$ 51,579,007	$ -
Receipts from (payments for) interfund services provided	-	-	-	-	25,555,206
Other operating revenue	1,090,320	46,066	1,738	1,138,124	463,980
Payments to suppliers	(23,828,930)	(1,785,026)	(3,706,489)	(29,320,445)	(13,769,202)
Payments to employees	(6,468,428)	(1,723,912)	-	(8,192,340)	(4,115,849)
Net cash provided by (used for) operating activities	14,051,827	1,800,938	(648,419)	15,204,346	8,134,135
Cash flows from noncapital financing activities:					
Transfers from other funds	38,894	5,192	-	44,086	498,888
Transfers to other funds	(4,583,276)	-	-	(4,583,276)	(1,830,762)
Net cash provided by (used for) noncapital financing activities	(4,544,382)	5,192	-	(4,539,190)	(1,331,874)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(2,962,071)	(177,132)	3	(3,139,200)	(3,100,196)
Principal paid on capital debt	(1,175,000)	(550,000)	(220,000)	(1,945,000)	-
Interest paid on capital debt	2,816,129	(162,510)	(101,154)	2,552,465	-
Principal paid on leases	(2,695)	(1,115)	(87,105)	(90,915)	(3,774)
Interest paid on leases	(78)	(32)	(6,054)	(6,164)	(109)
Insurance recovery proceeds	13,698	-	-	13,698	14,229
Net cash provided by (used for) capital and related financing activities	(1,310,017)	(890,789)	(414,310)	(2,615,116)	(3,089,850)
Cash flows from investing activities:					
Sale (purchase) of investments	(3,586,062)	(277,752)	1,588,628	(2,275,186)	(3,640,867)
Interest and dividends received	(263,735)	(39,621)	758	(302,598)	(430,119)
Net cash provided by (used for) investing activities	(3,849,797)	(317,373)	1,589,386	(2,577,784)	(4,070,986)
Net increase (decrease) in cash and cash equivalents	4,347,631	597,968	526,657	5,472,256	(358,575)
Cash and cash equivalents, beginning of year	21,144,148	769,327	-	21,913,475	14,932,326
Cash and cash equivalents, end of year	25,491,779	1,367,295	526,657	27,385,731	14,573,751
Reconciliation of Cash and Cash Equivalents to Statement of Net Position - Proprietary Funds					
Cash and cash equivalents - current	4,934,080	1,360,857	454,319	6,749,256	11,974,537
Cash and cash equivalents - noncurrent	20,557,699	6,438	72,338	20,636,475	2,599,214
Total cash and cash equivalents	25,491,779	1,367,295	526,657	27,385,731	14,573,751
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	10,416,435	987,671	134,740	11,538,846	8,257,549
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	4,096,562	936,915	350,444	5,383,921	279,957
(Increase) decrease in accounts receivable	(569,023)	(31,029)	6,373	(593,679)	(69,994)
(Increase) decrease in prepaid items	(481)	-	(53,793)	(54,274)	(84,172)
(Increase) decrease in inventories	(136,477)	(9,728)	(32,562)	(178,767)	(16,925)
Increase (decrease) in accounts payable	184,222	(71,437)	(109,903)	2,882	68,715
Increase (decrease) in other current liabilities	(4,637)	-	-	(4,637)	(277,147)
Increase (decrease) in retainage payable	-	-	(915,776)	(915,776)	-
Increase (decrease) in customer deposits	96,328	-	-	96,328	-
Increase (decrease) in compensated absences	20,786	4,965	-	25,751	29,235
Increase (decrease) in unearned revenues	-	(3,554)	(27,942)	(31,496)	(1,200)
Increase (decrease) in intergovernmental payables	24,289	-	-	24,289	-
Increase (decrease) in net pension/OPEB liabilities and related deferred inflows/outflows	(76,177)	(12,865)	-	(89,042)	(51,883)
Total Adjustments	3,635,392	813,267	(783,159)	3,665,500	(123,414)
Net cash provided by (used for) operating activities	$ 14,051,827	$ 1,800,938	$ (648,419)	$ 15,204,346	$ 8,134,135

CITY OF NORTH RICHLAND HILLS, TEXAS

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND

September 30, 2022

	OPEB Trust
Assets	
Investments, at fair value:	
Investment in master trust	$ 2,522,641
Total Assets	$ 2,522,641
Net Position	
Restricted for other post employment benefits	$ 2,522,641
Total Net Position	$ 2,522,641

CITY OF NORTH RICHLAND HILLS, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND

For the Year Ended September 30, 2022

	OPEB Trust
Additions	
Contributions:	
Employer	$ 100,000
Net investment income	(461,168)
Total Additions	(361,168)
Deductions	
Administrative expenses	16,598
Total Deductions	16,598
Change in net position	(377,766)
Net Position - Beginning	2,900,407
Net Position - Ending	$ 2,522,641

NRH

Note I - Summary of Significant Accounting Policies

The City of North Richland Hills, Texas (the "City") Home Rule Charter was adopted by the voters at an election held on November 3, 1964. The City operates under a Council-Manager form of government. The City provides a full range of services including police and fire protection; municipal court operations; the construction and maintenance of streets and infrastructure; parks, library, and recreational activities including tennis center operations; neighborhood services activities; planning and inspections; and the operations of a water and wastewater system, a golf course, and a public water park. A private contractor, through a franchise agreement, provides solid waste collection and disposal services for the City.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

A. Reporting Entity

As required by GAAP, these basic financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. The blended component units, although legally separate entities, are, in substance, part of the primary government's operations. As such, data from these units is combined with data of the primary government. Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable or whose relationships with the City are such that exclusion would be misleading or incomplete.

Blended Component Units - The North Richland Hills Parks and Recreation Facilities Development Corporation ("PRD") is used to account for the accumulation of resources to build and improve City parks and recreational facilities and fund economic development activities. The North Richland Hills Crime Control and Prevention District ("CCD") is used to account for the accumulation and use of half-cent sales tax proceeds dedicated for crime reduction programs. The PRD and CCD are reported as special revenue funds of the primary government. The Boards of Directors of both component units are substantially the same as the City Council.

Tax Increment Financing District No. 1 ("TIF #1") was created to fund drainage improvements that would alleviate flooding problems, reduce property damage associated with the flooding, and stimulate development within the zone of TIF #1. In 2008, TIF #1 was expanded to provide funding for intersection improvements and the burial of utility lines to enhance economic revitalization in the area (TIF # 1A). On November 10, 2021, the TIF #1 and #1A Board met and voted to recommend the North Richland Hills City Council take action to close TIF #1 and #1A. On June 27, 2022, the North Richland Hills City Council passed Ordinance Number 3746, which terminated the zones, dissolved the Board of Directors, and authorized the disbursement of remaining funds to the participating entities. The final disbursement for all entities in TIF #1 and #1A occurred in September 2022.

Tax Increment Financing District #2 ("TIF #2") was created to provide funding for public improvements that would benefit the participants in and citizens of TIF #2. On January 24, 2022, the TIF #2 Board met and voted to recommend the North Richland Hills City Council take action to close TIF #2. On March 31, 2022, in anticipation of the TIF # 2 closure, the outstanding debt for TIF#2 was defeased. On June 27, 2022, the North Richland Hills City Council passed Ordinance Number 3747, which terminated the zone, dissolved the Board of Directors, and authorized the disbursement of remaining funds to the participating entities. The final disbursement for all entities in the TIF occurred in September 2022.

These TIF's meet the criteria for blending as the City Council and TIF Boards are substantially the same. In addition, although other entities are involved in the TIF, the primary financial benefit or burden relationship is between the City and the TIF's, and management of the City has day-to-day operational responsibility for the activities of the TIF.

Note I - Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its blended component units. For the most part, the effect of interfund activity has been eliminated from these statements. However, interfund services provided and used are not eliminated in the consolidation process. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are designated to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources traditionally associated with governments which are not required to be accounted for in another fund. Major functions financed by the General Fund include general government, public safety, culture and recreation, and public works. Financing is provided from taxes (primarily property, sales, and franchise), licenses and permits, fines, and investment income.

The General Capital Projects Fund is used to account for financial resources used for the acquisition and construction of major street, drainage, and municipal facilities capital assets.

Note I - Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The General Debt Service Fund accounts for the accumulation of resources for the payment of principal, interest, and related charges on long-term general obligation debt of governmental funds. Financing is provided primarily by a specific annual property tax levy.

The Parks and Recreation Facilities Development Fund accounts for the accumulation and use of resources to build and improve City parks and recreation facilities as well as economic development projects. The City has permanently designated this fund as a major governmental fund.

The Grants Fund is a centralized fund accounting for all private, local, state, and federal grant proceeds.

The City reports the following major proprietary funds:

The Utility Fund accounts for the distribution of water, transportation of wastewater, and solid waste removal services provided to the residents of the City. All activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, financing and debt service, and billing and collections.

The Aquatic Park Fund accounts for the operation of NRH_2O, the City's public water park. All activities necessary to operate the park are accounted for in the fund, including, but not limited to, administration, park operations, park maintenance, and financing and debt service.

The Golf Course Fund accounts for the operations of Iron Horse Golf Course, the City's public golf course. All activities necessary to operate the course are accounted for in the fund, including, but not limited to, administration, operations, course maintenance, and financing and debt service. The Golf Course in the only non-major proprietary fund.

Internal Service Funds account for building maintenance services, fleet management, computer and telephone service, as well as insurance coverage provided to other departments of the City, on a cost reimbursement basis.

The City also reports one fiduciary fund. The OPEB Trust Fund accounts for the activities of the long-term funding of the City's other post-employment benefits provided. These funds are contributed by the City on an annual basis to help offset future costs and outflows for post- employment benefits payments.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Note I - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance

Deposits and investments

Cash and cash equivalents consist of bank deposits and investments with an original maturity of three months or less, including investment pools. Substantially all operating deposits and investments are maintained in pooled deposits and investment accounts. Interest income relating to pooled deposits and investments is allocated monthly to the participating individual funds based on each fund's pro-rata share of total pooled deposits and investments.

Investments consist of (1) investments in public fund investment pools, (2) short-term investments that mature in 12 months or less from the time of purchase and (3) investments that mature in greater than 12 months from the time of purchase. Other than investment pools, most of the City's investments are long-term (i.e., at the time of purchase, the maturity equals or exceeds one year) and, accordingly, the investments are carried at fair value. The government's investment pools operate in accordance with state laws and regulations. Investments in external pools are carried at either net asset value or amortized cost, as determined by each pool's individual investment valuation method and whether there is a readily determinable fair value of the pool as of the City's fiscal year end. In instances where pools transact at amortized cost, no readily determinable fair value is deemed available.

Legal provisions generally permit the City to invest in certificates of deposit, repurchase agreements, public funds investment pools, direct obligations of the United States of America or its subdivisions, and state and local government securities. During the year ended September 30, 2022, the City did not own any types of securities other than those permitted by statute.

For the purposes of presenting the statement of cash flows for Proprietary Funds, cash and cash equivalents are defined as cash and the funds' investment in the City's pooled accounts which provide cash-equivalent liquidity (Note III).

Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real property and certain personal property located in the City. Tax liens attach as of February 1. Taxes are due upon receipt of the tax bill.

Property taxes are limited by the Texas Constitution to $2.50 per $100 of assessed valuation and by City Charter to $1.50 per $100 assessed valuation. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2022 was $0.57218 per $100 of assessed valuation.

Note I - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (continued)

Inventories and prepaid items

In accordance with the consumption method of accounting, both inventories and prepaid items of governmental funds are recorded as expenditures when consumed rather than when purchased.

All inventories are valued at cost using the first-in/first-out ("FIFO") method. Inventories are offset by a fund balance reserve account in applicable governmental funds to indicate the inventory values are not available for appropriation and are not expendable financial resources.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted assets

Certain resources set aside for the repayment of outstanding City debt are classified as restricted assets on the balance sheet because their use is limited. The "debt service reserve funds" are used to segregate resources accumulated for outstanding debt. The "construction funds" account includes, but is not limited to, unspent bond proceeds that are limited as to use for financing the acquisition or construction of capital assets.

The Crime Control and Prevention District (Special Revenue) Fund contains assets restricted for transition. The "transition" term is used to identify funds that are covered by Texas Sales Tax laws and has been restricted to offset future unforeseen circumstances (i.e. dissolution of the fund due to citizens vote to end operations of the district). If the half-cent sales tax funding CCD activities is discontinued, the restricted assets will be used to fund those activities until an alternate funding source can be identified (i.e., during the transition period).

In the Utility Fund, impact fees are a restriction imposed by the City's governing body for the purpose of collection of funds from developers for specific utility infrastructure improvement projects. State of Texas Statutes grant this authority to the City Council which upon their approval is valid for a five-year period. Every five years, the impact fee plan expires and a new program must be developed and submitted to Council for approval.

Assets limited to use

Assets limited to use and defined as noncurrent assets in the Utility Fund are customer deposits. This limitation is contractually supported. The City is not allowed to use the funds unless it is to refund back to the customer for good standing account history or that they default upon the terms of the agreement.

The Information Technology (Internal Service) Fund contains assets used for future system improvements. The intended purpose is to fund major computer system software and hardware system replacements and upgrades.

The Facilities and Construction Services and Fleet Services (Internal Service) Funds contain assets to be used for building and equipment maintenance and replacement. The building reserve is used to accumulate funds for the implementation of the multi-year plan. The equipment reserve is used to accumulate funds for the replacement of vehicles and heavy equipment.

Note I - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (continued)

The Self-Insurance (Internal Service) Fund contains assets to be used for future insurance claims. Funds will be accumulated until needed to cover these costs of excessive claims or until management has determined sufficient funds have been accumulated to cover future claims. Future claims of the Self-Insurance Internal Service Fund are funds set aside and obligated for medical, dental, prescription, or other risk payables that could arise in future fiscal periods. This fund has a very proactive approach to plan for future claims and ensure that funding is available to pay should the need occur.

Capital assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, drainage facilities, parks and related improvements, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund level financial statements. Capital assets are defined by the City as assets with an initial, individual cost of at least $5,000 and an estimated useful life in excess of one year. Assets purchased or constructed are recorded at historical cost when available or estimated historical cost if actual cost is unavailable (except for intangible right-to-use leased assets). Donated capital assets are recorded at estimated acquisition value at the date of donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are capitalized at the following thresholds and are depreciated/amortized using the straight-line method over the following estimated useful lives:

Asset Category	Useful Life		Capitalization Threshold
Land			$ -
Buildings and improvements	30 years		100,000
Other improvements	30 years		100,000
Water, sewer system and other infrastructure	33 years		100,000
Furniture and fixtures, & certain machinery and equipment	10 years		5,000
Right-to-use leased equipment	10 years	*	5,000
Firetrucks and ambulances	20 years		5,000
Other machinery and equipment including vehicles	3-12 years	**	5,000

** Shorter of lease term or useful life.*
*** Range is due to different machinery and equipment having different levels of capitalization thresholds within fiscal policy.*

Note I - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (continued)

Compensated absences

City employees are granted vacation leave in varying amounts depending on length of service. Sick leave is also granted to employees. In the event of termination, an employee will be paid for all unused vacation leave credit upon separation from employment with the City. Employees who are eligible to utilize their accrued vacation but who have not completed their probationary period are not eligible to be paid for unused vacation at the time of separation. No reimbursement is made for unused accumulated sick leave upon termination of employment, except upon retirement. Upon retirement, an employee may convert up to six weeks of accrued sick leave to vacation. Sick pay is recorded when taken. All vacation pay is accrued as vested and included in accrued liabilities in the government-wide and proprietary fund financial statements. Accrued vacation pay, including converted sick leave, that is expected to be liquidated within one year, is reported as a short-term liability. The remainder of the liability is reflected as long-term.

Long-term obligations

In the government-wide financial statements and proprietary funds financial statements, long- term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts and gains/losses on bond refunding transactions are deferred and amortized over the life of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position, deferred amounts related to pension, and deferred amounts related to OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The City has five items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet from the following sources: ambulance fees, property taxes, grants, assessments, and leases. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available, or within 60 days of the fiscal year-end. In the government-wide financial statements the City reports deferred amounts related to pension, OPEB, gain/losses on bond refundings, and leases. The deferred gain/loss on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Note I - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (continued)

Leases

Lessee: The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements for noncancellable leases of buildings, equipment, vehicles, and other machinery. The City recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require are measurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: If the City enters into a noncancellable lease agreements in which the City is a lessor, the City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Note I - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (continued)

Fund balance

Fund balances are reported within one of the fund balance categories listed below:

1. *Nonspendable*, such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. *Restricted* fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's Council (the city's highest level of authority),
4. *Assigned* fund balance classification are intended to be identified and authorized for specific purposes by the City's authorized representative by the Council (City Manager) and for other purposes that cannot be classified as restricted or committed,
5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Committed Fund Balance Policy

Fund balances are committed by the City Council under specific resolutions or ordinances which were adopted to restrict the utilization of special revenue sources. Once the resolutions or ordinances are adopted, the limitation imposed remains in place until a similar action is taken (the adoption of another resolution or ordinance) to remove or revise the limitation.

Fund balance reporting as a result of resolutions and ordinances passed by City Council:

- General Donations or contributions to the City that do not have specific goals designated by the donor are committed by council resolution to keep the original general intent for which they were received.
- Drainage Utility Fees are to be utilized for the infrastructure or debt service for such infrastructure.
- Gas Development funds are used for specific projects for various reasons such as deemed necessary by city management.

Assigned Fund Balance Policy

Approved by the fund balance policy, the City's Assigned Fund Balance is under the direction of the City Manager, (as authorized by the City Council).

- Capital projects are proceeds assigned by management through budget appropriations to fund special capital projects not funded through bond proceeds,
- Recreation Centre assignment is net operations for the program for future infrastructure maintenance and operational needs,
- Encumbrances are purchases procured in the current fiscal year but will not be delivered or services accomplished until the next fiscal year. This assignment of prior year encumbrances ensures resources are available to complete the purchases.

Note I - Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (continued)

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance depleted before using any of the components of unrestricted fund balance. Further when the components of unrestricted fund balance can be used for the same purposes, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Minimum Fund Balance

At the end of each fiscal year, the General Fund should maintain a minimum unassigned fund balance that is no less than 15% of the subsequent year's General Fund Appropriated Expenditure budget. This target amount has been established in order to provide a reasonable level of assurance that the City's day-to-day operations will be able to continue even if circumstances occur where revenues are insufficient to cover expenditures.

Note II - Reconciliation of Government-Wide and Governmental Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position.

One element of that reconciliation explains that "capital assets used in governmental activities (excluding internal service capital assets) are not financial resources and, therefore, are not reported as assets in governmental funds." The details of the difference are as follows:

Capital assets, net of depreciation (internal service funds excluded)	$ 315,195,715
Construction in progress (internal service funds excluded)	9,900,301
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	$ 325,096,016

The second element of that reconciliation explains that "certain receivables are not available to pay current-period expenditures and, therefore, are deferred in the funds." The details of the difference are as follows:

Unavailable revenue	$ 12,008,252
Net adjustment to increase fund balance - total governmental funds to arrive at the position - governmental activities	$ 12,008,252

Note II - Reconciliation of Government-Wide and Governmental Fund Financial Statements (continued)

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position (continued)

Another element of that reconciliation explains that "the assets and liabilities of the internal service funds are included with governmental activities in the Statement of Net Position but are not included at the fund level." The details of the difference are as follows:

Net position, internal service funds combined	$ 30,491,179
Amount allocated to business-type activities	(13,184,232)
Net adjustment to increase fund balance - total governmental funds to arrive at net positions - governmental activities	$ 17,306,947

The last element of that reconciliation explains that "long-term liabilities (excluding internal service funds), including bonds payable and related deferred inflows and outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds." The details of the difference are as follows:

Bonds payable	$ (100,530,000)
Unamortized premiums/discounts on bonds payable	(6,866,307)
Deferred loss on refunding	271,242
Accrued interest payable	(441,999)
Special assessment bonds payable	(8,050,000)
Leases payable	(88,144)
Compensated absences	(3,490,504)
Net OPEB liability	(27,200,539)
Deferred outflows - OPEB	2,027,359
Deferred inflows - OPEB	(8,114,445)
Net pension liability	(2,944,036)
Deferred outflows - pension	7,150,585
Deferred inflows - pension	(14,778,519)
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	$ (163,055,307)

Note II - Reconciliation of Government-Wide and Governmental Fund Financial Statements (continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balance – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of the difference are as follows:

Capital outlay in excess of capitalization threshold	$ 12,895,323
Depreciation/amortization expense	(13,080,193)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ (184,870)
Asset retirements and impairments, net of proceeds	$ (182,726)
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	$ (182,726)

The next element of that reconciliation explains that "certain revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. These differences are the net change in deferred inflows of resources." The current year difference is $5,707,226.

The next element of that reconciliation explains that "certain long-term liabilities are accrued at the government-wide level but not at the fund level." The details of the difference are as follows (Excludes Internal Service Funds):

Changes in:	
Accrued interest/interest expense	$ (116,149)
OPEB expense	1,211,796
Pension expense	5,091,217
Compensated absences	(219,317)
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	$ 5,967,547

Note II - Reconciliation of Government-Wide and Governmental Fund Financial Statements (continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities (continued)

Another element of that reconciliation states that "bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the difference between repayments and proceeds received." The details of the difference are as follows: (Excludes Internal Service Funds)

Long-term debt issued or incurred:	
Certificates of obligation bonds	$ (12,200,000)
Principal repayments on debt	21,985,000
Premium on bond sale	(875,378)
Principal repayments on leases	33,562
Current year amortization of bond premium, discount, deferred inflows and outflows (gain and loss)	559,668
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 9,502,852

Another element of that reconciliation states that "the net revenue (expense) of internal service funds is reported with governmental activities." The details of the difference are as follows:

Change in net position - internal service funds combined	$ 6,602,153
Income (Expenses) reflected in business-type activities	(3,159,786)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 3,442,367

Note III - Detailed Notes on all Funds

A. Deposits and investments

Deposits - The City maintains an entity wide cash and investment pool that is available for use by all funds. Each fund's portion of the pool is displayed on the statement of net position as "Cash, Cash Equivalents and Investments".

The investment policy of the City is governed by State statute and a Council adopted City Investment Policy. Major controls stipulated in the Investment Policy include: depository limitations require Federal Deposit Insurance Corporation ("FDIC") insurance or full 100 percent collateralization; depositories are limited to Texas banking institutions; all collateral for repurchase agreements and deposits held by independent third party trustees; all settlement is delivery versus payment; all authorized investments are defined; and diversification guidelines are set as are maximum maturity and maximum weighted average maturity. State statutes require all time and demand deposits to be fully insured or collateralized. At September 30, 2022, the bank balances of the City's demand deposits were $9,541,834. Accounts with under $250,000 balance of either an interest-bearing account or non-interest-bearing account are covered by FDIC deposit insurance. The total cash held in demand deposits has been materially collateralized and meets the statutes' requirements.

As of September 30, 2022, the City's investment pool portfolio (excluding bank deposits) are held by the City's custodian in the City's name under written agreements. The City's custodian is JP Morgan Chase. The City's investment portfolio, excluding the fiduciary fund, held the following cash, cash equivalents, and investments as of September 30, 2022:

Cash on hand (petty cash, cashier tills)	$ 96,595
Demand Deposit Accounts	10,268,042
Investment Pools	119,244,102
Government Mutual Fund	1,247,555
Federal Agency Bond / Note	21,000,724
Federal Agency Commercial Mortgage-Backed Securities	238,519
Municipal Bond / Note	3,903,890
Commerical Paper	4,673,203
U. S. Treasury Bond / Note	23,643,834
Total Deposits and Investments	$ 184,316,464

Legal provisions generally permit the City to invest in certificates of deposit, repurchase agreements, public funds investment pools, direct obligations of the United States of America or its subdivisions, and state and local government securities. Because the City is responsible for the investment portfolio of its blended component units, the City's investment practices and policies disclosed herein apply equally to its component units. During the year ended September 30, 2022, the City did not own any types of securities other than those permitted by statute.

TexPool falls under the purview of the Texas Comptroller of Public Accounts ("Comptroller") who is responsible for oversight of TexPool operations. TexasRange is directed by an Advisory Board of experienced local government officials, finance directors and treasurers and is managed by a team of industry leaders that are focused on providing professional investment services to investors. Duties of the governing boards include oversight responsibility. The Comptroller and the governing boards exercise oversight of the pools' activities via daily, weekly, and monthly reporting requirements. Additionally, per the requirements of the Public Funds Investment Act ("PFIA"), all pools will maintain an AAA or equivalent rating from at least one nationally recognized rating agency. The PFIA also requires an annual examination of the financial statements of the pools by an independent certified public accounting firm. TexPool is carried at amortized cost and TexasRange is carried at net asset value.

Note III - Detailed Notes on all Funds (continued)

A. Deposits and investments (continued)

Investments - Weighted average maturity ("WAM") of the portfolio by investment type categories reflected in the following table is stated in days. Additional information about the rating agency or the significance of the ratings provided may be obtained from the agency's web site. As of September 30, 2022, the City held the following investments:

Investment Type	WAM	S&P Rating	Moody Rating	Carrying Value
Investment Pools:				
TexPool	1	AAAm	N/A	$ 104,155,999
TexasRange	1	AAAm	N/A	15,088,103
Government Mutual Fund	29	AAAm	Aaa-mf	1,247,555
Federal Agency Bond / Note	427	AA+	Aaa	21,000,724
Federal Agency Commercial Mortgage-Backed Securities	421	AA+	Aaa	238,519
Municipal Bond / Note	922	A+, AA, AA+	A2, Aa1, Aa2, Aa3	3,903,890
Commerical Paper	145	AAA	Aaa	4,673,203
U. S. Treasury Bond / Note	473	AA+	Aaa	23,643,834
Total Portfolio	142			$ 173,951,827

In accordance with GASB Statement No. 72, *"Fair Value Measurement and Application,"* the City records investments at fair value. However, for participating interest-earning investments contracts with maturities of one year or less at time of purchase, the City reports these investments at amortized cost.

Interest Rate Risk

Interest rate risk is the potential for a decline in market value due to rising interest rates. In accordance with its formally adopted investment policy, the City manages its exposure to declines in fair market value by limiting the portfolio's weighted average maturity to a maximum of 730 days. The City also employs an investment maturity laddering structure to stagger investment maturities at various monthly rungs on the ladder. This laddering structure provides the City with the ability to reinvest the proceeds from the maturities in higher-yielding securities given the proceeds are not required to meet immediate cash flow needs.

Note III - Detailed Notes on all Funds (continued)

A. Deposits and investments (continued)

Custodial Credit Risk

Custodial credit risk is the risk that a government will not be able to recover (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. To minimize such risk, the City requires collateralization of most deposits in excess of coverage, utilizes the delivery vs. payment method for investment purchases, and contracts with a third-party safekeeping agent. In conjunction with JP Morgan Chase, the City has exercised the option to accept a Federal Home Loan Bank Irrevocable Standby Letter of Credit, as the first $9,600,000 of collateral.

Per the terms of its depository agreement, for bank deposits in excess of the coverage provided by the FDIC, the City requires the depository bank to pledge to the City securities (collateral) equal to the following percentages, as applicable, to the largest balances the City maintains in the Bank.

Maturity of Collateral	U.S. Treasuries	Other Securities
1 year or less	101%	102%
1 year to 5 years	102%	105%
Over 5 years	103%	110%

The percentages as shown reflect the requirement based on fair value of the pledged securities.

The City's depository bank also acts as its safekeeping agent per the terms of the depository contract. City policy dictates that all securities rendered for payment will be sent delivery vs. payment meaning that the funds required for purchase of a security will not be released until the safekeeping agent has received the security purchased in the City's name. No broker holds City funds. The City does not purchase securities from its depository bank or any subsidiary banks of the same bank holding company.

Credit Risk

The Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In order to minimize credit risk, the City limits investments to those rated as to investment quality of not less than "A" or its equivalent by a nationally recognized rating firm. Diversification of the portfolio is also employed to manage credit risk. The investment policy limits the percentage of the portfolio that may be invested in any specific type of security. Ratings for the City's investments and the percentage of the total portfolio of each investment type held at the end of year can be found on the first table in this section.

Note III - Detailed Notes on all Funds (continued)

A. Deposits and investments (continued)

Other Post-Employment Benefit ("OPEB") Trust Fund Investments

The City has contracted with Public Agency Retirement Services ("PARS") for trust administration and Union Bank serves as the trustee for all investments of the OPEB Trust Fund. The OPEB Plan does not have a formal policy for custodial credit risk. As of September 30, 2022 all investments are registered in the name of the OPEB Plan's custodian established through a master trust custodial agreement. The OPEB Trust Fund investments are carried at fair value of $2,522,641 as of September 30, 2022. The investment in master trust is classified in Level 3 of the fair value hierarchy using quoted market prices of the mutual funds owned by the trust, allocated among members. The Trust's funds are invested in a mutual fund that is invested in equity, money market and fixed income mutual funds. The investment strategy of the OPEB Trust Fund is to provide current income with capital appreciation. The credit rating and weighted average maturity is not available for the pool.

- Interest Rate Risk – Interest rate risk is the potential for a decline in market value due to rising interest rates. In accordance with its formally adopted investment policy, the Trust committee has chosen to use moderate risk levels. Exposure to market fluctuations can occur, and the investment strategy is reviewed annually to ensure that exposure to these market fluctuations is appropriate.
- Custodial Credit Risk – Custodial credit risk is the risk that a government will not be able to recover (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. The Trust is not covered by any collateral agreement or FDIC insurance.
- Credit Risk – The Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The risk tolerance chosen by the Trust is moderate. The mutual fund investment is not rated.

Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1	Quoted prices in active markets for identical assets or liabilities
Level 2	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
Level 3	Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Note III - Detailed Notes on all Funds (continued)

A. Deposits and investments (continued)

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair hierarchy in which the fair value measurements fall at September 30, 2022:

	Fair Value	Level 1	Level 2	Level 3
Investments measured at fair value:				
Government Mutual Fund	$ 1,247,555	$ -	$ 1,247,555	$ -
Federal Agency Bond / Note	21,000,724	-	21,000,724	-
Federal Agency Commercial Mortgage-Backed Securities	238,519	-	238,519	-
Municipal Bond / Note	3,903,890	-	3,903,890	-
Commercial Paper	4,673,203	-	4,673,203	-
U. S. Treasury Bond / Note	23,643,834	-	23,643,834	-
Total investments measured at fair value	54,707,725	$ -	$ 54,707,725	$ -
Investments measured at net asset value - TexasTERM	15,088,103			
Investments measured at amortized cost - TexPool	104,155,999			
Total investments	$ 173,951,827			

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient or amortized cost have not been classified in the fair value hierarchy. The fair value amounts included above approximate net asset value for all related external investment pool balances.

Investments in State Investment Pools

During the year, the City invested in multiple public investment pools, including TexPool and TexasRange. TexasRange is measured at net asset value and are designed to approximate the share value, while TexPool is measured at amortized cost. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds.

Note III - Detailed Notes on all Funds (continued)

B. Receivables

Governmental and Business-type funds' receivables as of year-end for the City's major funds and non-major in the aggregate, net of the applicable allowances for uncollectible accounts, are as follows:

	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development	Grants Fund	Non-major Governmental Funds	Total Governmental Funds
Accounts	$ 1,099,703	$ -	$ -	$ -	$ -	$ 191,837	$ 1,291,540
Property taxes	966,002	-	-	-	-	-	966,002
Other taxes	2,487,949	-	-	1,161,643	-	1,246,945	4,896,537
Interest	2,268	1,156	137	749	1	1,109	5,420
Special assessments	-	132,657	-	-	-	-	132,657
Intergovernmental	4,811	-	-	-	115,014	-	119,825
Leases	1,483,173	-	-	-	-	-	1,483,173
Other	435,775	-	-	40,299	-	268,124	744,198
Total	6,479,681	133,813	137	1,202,691	115,015	1,708,015	9,639,352
Allowance	(761,639)	-	-	-	-	(3,465)	(765,104)
Total (net of allowance)	$ 5,718,042	$ 133,813	$ 137	$ 1,202,691	$ 115,015	$ 1,704,550	$ 8,874,248

Proprietary Funds:

	Utility	Aquatic Park	Golf	Total Enterprise Funds	Internal Service
Accounts	$ 5,939,157	$ 68,901	$ 26,384	$ 6,034,442	$ 120,588
Interest	1,910	269	36	2,215	3,051
Lease	-	-	-	-	44,798
Total	5,941,067	69,170	26,420	6,036,657	168,437
Allowance	(137,197)	-	-	(137,197)	-
Total (net of allowance)	$ 5,803,870	$ 69,170	$ 26,420	$ 5,899,460	$ 168,437

Unearned Revenue

At the end of the current fiscal year, the various components of unearned revenue were as follows:

	Unearned Revenue
General Fund:	
Grant proceeds	$ 9,122
LEOSE Public Safety proceeds	87,141
Escrow deposits	17,993
Miscellaneous	14,356
Total General Fund	128,612
Parks and Recreation Development:	
Centre and event deposits for future services	132,883
Capital Projects Fund:	
Miscellaneous	11,424
Enterprise Funds:	
Advanced Payments, Gift Certificates, Store Credit	77,376
Total Unearned Revenue	$ 350,295

Note III - Detailed Notes on all Funds (continued)

C. Capital assets

Capital asset activity for the primary government for the year ended September 30, 2022, was as follows:

Governmental Activities:	Beginning Balance, as Restated	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated/amortized:					
Land	$ 81,330,543	$ -	$ (182,726)	$ -	$ 81,147,817
Works of art	310,208	-	-	-	310,208
Assets held for sale	14,612	-	-	-	14,612
Construction in progress	5,966,247	11,439,323	-	(7,505,269)	9,900,301
Total capital assets, not being depreciated/amortized:	87,621,610	11,439,323	(182,726)	(7,505,269)	91,372,938
Capital assets, being depreciated/amortized:					
Buildings	130,581,382	120,735	-	219,423	130,921,540
Other improvements	259,655,962	3,295,640	-	7,254,998	270,206,600
Machinery and equipment	38,756,537	1,233,409	(47,731)	30,848	39,973,063
Right-to-use leased equipment	135,388	-	-	-	135,388
Total capital assets, being depreciated/amortized:	429,129,269	4,649,784	(47,731)	7,505,269	441,236,591
Less accumulated depreciation/amortization for:					
Buildings	(38,418,894)	(4,215,665)	-	-	(42,634,559)
Other improvements	(129,004,373)	(5,993,135)	-	-	(134,997,508)
Machinery and equipment	(21,623,815)	(3,113,569)	44,731	-	(24,692,653)
Right-to-use leased equipment	-	(37,781)	-	-	(37,781)
Total accumulated depreciation/amortization	(189,047,082)	(13,360,150)	44,731	-	(202,362,501)
Total capital assets being depreciated/amortized, net	240,082,187	(8,710,366)	(3,000)	7,505,269	238,874,090
Governmental Activities - Net	$ 327,703,797	$ 2,728,957	$ (185,726)	$ -	$ 330,247,028

Business-type Activities:	Beginning Balance, as Restated	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated/amortized:					
Land	$ 2,579,137	$ -	$ -	$ -	$ 2,579,137
Construction in progress	865,936	2,480,204	-	(1,981,552)	1,364,588
Total capital assets, not being depreciated/amortized:	3,445,073	2,480,204	-	(1,981,552)	3,943,725
Capital assets, being depreciated/amortized:					
Buildings	3,268,726	-	-	-	3,268,726
Utility plant	147,526,338	581,397	-	1,887,268	149,995,003
Other improvements	12,883,540	77,599	-	-	12,961,139
Machinery and equipment	28,367,247	-	-	94,284	28,461,531
Right-to-use leased equipment	266,653	-	-	-	266,653
Total capital assets, being depreciated/amortized:	192,312,504	658,996	-	1,981,552	194,953,052
Less accumulated depreciation/amortization for:					
Buildings	(1,099,005)	(90,475)	-	-	(1,189,480)
Utility plant	(84,395,341)	(3,722,886)	-	-	(88,118,227)
Other improvements	(6,372,576)	(154,760)	-	-	(6,527,336)
Machinery and equipment	(17,924,317)	(1,322,707)	-	-	(19,247,024)
Right-to-use leased equipment	-	(93,093)	-	-	(93,093)
Total accumulated depreciation/amortization	(109,791,239)	(5,383,921)	-	-	(115,175,160)
Total capital assets being depreciated/amortized, net	82,521,265	(4,724,925)	-	1,981,552	79,777,892
Business-type Activities - Net	$ 85,966,338	$ (2,244,721)	$ -	$ -	$ 83,721,617

Note III - Detailed Notes on all Funds (continued)

C. Capital assets (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	**Depreciation/ Amortization Expense**
General government	$ 3,371,041
Public safety	1,020,364
Culture and recreation	3,079,189
Public works	5,609,599
Facilities and construction	12,628
Fleet services	232,554
Self insurance	1,124
Information systems	33,651
Total Governmental Activities	$ 13,360,150

Business-type Activities:	**Depreciation/ Amortization Expense**
Water and sewer	$ 4,096,562
Aquatic park	936,915
Golf course	350,444
Total Business-type Activities	$ 5,383,921

Construction Commitments

The City has active construction projects as of September 30, 2022. The projects include street construction, widening, and streetscaping, as well as construction of drainage facilities, parks and park improvements, and municipal facilities. At year-end the City's commitments with contractors were as follows:

	Project Authorization	**Stored and Completed to Date**	**Remaining Commitment**
Streets, drainage, public safety, park improvements, municipal facilities, equipment, and utility improvements	$ 27,440,763	$ 11,264,889	$ 16,175,874

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

	Encumbrances
General Fund	$ 419,832
General Capital Projects	2,954,363
Parks and Recreation Development	25,411
Total	$ 3,399,606

Note III - Detailed Notes on all Funds (continued)

D. Interfund Receivables, Payables, and Transfers

Current Interfund Balances. At September 30, 2022, the City had no current interfund balances.

Long-term Interfund Balances. In fiscal year 2018, the City approved a long-term interfund loan to be paid in future years payable from the Aquatic Park to the Self-Insurance fund. The original amount of the loan was $500,000 and the amount outstanding as of September 30, 2022 was $500,000.

Transfers In/Out amounts for Governmental and Proprietary Funds are as follows:

	Transfer in:									
	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development	Grants Fund	Non-major Governmental	Utility	Aquatic Park	Internal Service Funds	Total
Transfers out:										
Governmental:										
General Fund	$ -	$ 2,953,693	$ -	$ 487,102	$ 70,303	$ -	$ -	$ -	$ 296,555	$ 3,807,653
Parks and Recreation Development	469,207	941,075	452,505	-	-	165,242	-	-	-	2,028,029
Grants Fund	321,979	-	-	23,626	-	38,258	38,894	5,192	27,333	455,282
Non-major Governmental	25,600	793,583	219,200	-	47,322	8,165,787	-	-	-	9,251,492
Subtotal governmental funds	816,786	4,688,351	671,705	510,728	117,625	8,369,287	38,894	5,192	323,888	15,542,456
Proprietary:										
Utility fund	4,408,276	-	-	-	-	-	-	-	175,000	4,583,276
Subtotal enterprise funds	4,408,276	-	-	-	-	-	-	-	175,000	4,583,276
Internal service funds	446,552	1,140,910	243,300	-	-	-	-	-	-	1,830,762
Total	$ 5,671,614	$ 5,829,261	$ 915,005	$ 510,728	$ 117,625	$ 8,369,287	$ 38,894	$ 5,192	$ 498,888	$ 21,956,494

Transfers are used to move resources between funds to provide sufficient resources to perform the expected services and functions for the year.

During fiscal year 2022, the City of North Richland Hills made one-time transfers. These transfers included:

a. General Fund received $321,979 transferred from Grants fund as reimbursements by American Rescue Plan to cover expenditures related to public safety salaries;
b. Parks fund received $23,626 transferred from Grants fund as reimbursements by American Rescue Plan to cover expenditures related to parks department salaries;
c. Non-major Governmental funds received $38,258 transferred from Grants fund as reimbursements by American Rescue Plan to cover expenditures related to salaries in those funds;
d. Utility fund received $38,894 transferred from Grants fund as reimbursements by American Rescue Plan to cover expenditures related to utility department salaries;
e. Aquatic Park fund received $5,192 transferred from Grants fund as reimbursements by American Rescue Plan to cover expenditures related to water park salaries;
f. Internal Service funds received $27,333 transferred from Grants fund as reimbursements by American Rescue Plan to cover expenditures related to internal service department salaries.

Note III - Detailed Notes on all Funds (continued)

E. Long-term debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital assets such as streets, drainage structures, and municipal facilities, as well as for the purpose of refunding a portion of its outstanding debt.

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	2.00 - 5.50%	$ 68,730,000
Business-type activities	2.00 - 5.00%	2,540,000
		$ 71,270,000

Annual debt service requirements to maturity for general obligations bonds are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	$ 5,820,000	$ 2,135,243	$ 515,000	$ 83,100
2024	5,685,000	1,995,528	395,000	69,325
2025	5,435,000	1,819,676	395,000	56,775
2026	5,425,000	1,652,263	385,000	43,238
2027	5,245,000	1,470,140	330,000	29,300
2028-2032	23,655,000	4,554,721	520,000	21,075
2033-2037	10,470,000	1,632,788	-	-
2038-2042	6,995,000	451,500	-	-
	$ 68,730,000	$ 15,711,859	$ 2,540,000	$ 302,813

Private placement general obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	2.00 - 5.50%	$ 300,000
Business-type activities	2.00 - 5.00%	100,000
		$ 400,000

Note III - Detailed Notes on all Funds (continued)

E. Long-term debt (continued)

Annual debt service requirements to maturity for private placement general obligation bonds are as follows:

Year Ending	Governmental Activities		Business-type Activities	
September 30,	Principal	Interest	Principal	Interest
2023	$ 65,000	$ 6,126	$ 20,000	$ 2,061
2024	60,000	4,695	20,000	1,603
2025	60,000	3,321	20,000	1,145
2026	60,000	1,947	20,000	687
2027	55,000	630	20,000	229
	$ 300,000	$ 16,719	$ 100,000	$ 5,725

Certificates of Obligation

The City also issues certificates of obligation ("CO's") to finance the acquisition and construction of capital assets including certain capital improvement projects, municipal facilities, and machinery and equipment. The bonds are generally issued as 20-year serial bonds with equal amounts of principal maturing each year.

Certificates of Obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	1.25 - 5.00%	$ 31,500,000
Business-type activities	1.25 - 5.00%	20,680,000
		$ 52,180,000

Annual debt service requirements to maturity for certificates of obligation of the primary government are as follows:

Year Ending	Governmental Activities		Business-type Activities	
September 30,	Principal	Interest	Principal	Interest
2023	$ 3,330,000	$ 1,246,055	$ 1,465,000	$ 721,458
2024	2,990,000	1,120,714	1,470,000	684,672
2025	2,935,000	997,989	1,410,000	631,260
2026	2,885,000	874,133	1,405,000	576,819
2027	2,805,000	750,680	1,405,000	520,629
2028-2032	10,720,000	2,176,553	6,890,000	1,791,620
2033-2037	5,390,000	389,066	4,840,000	746,751
2038-2042	445,000	12,128	1,795,000	107,594
	$ 31,500,000	$ 7,567,318	$ 20,680,000	$ 5,780,803

Note III - Detailed Notes on all Funds (continued)

E. Long-term debt (continued)

Private placement certificates of obligation currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	N/A	$ -
Business-type activities	1.57%	815,000
		$ 815,000

Annual debt service requirements to maturity for private placement certificates of obligation bonds are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	$ -	$ -	$ 60,000	$ 12,325
2024	-	-	60,000	11,383
2025	-	-	60,000	10,441
2026	-	-	60,000	9,499
2027	-	-	60,000	8,557
2028-2032	-	-	295,000	28,692
2033-2037	-	-	220,000	6,908
	$ -	$ -	$ 815,000	$ 87,805

Special Assessment Bonds – City Point Improvement District (TIF #3)

In fiscal year 2022, the City issued Special Assessment Revenue Bonds, Series 2019 (City Point Public Improvement District Improvement Zone A Project) in the amount of $2,615,000 and Special Assessment Revenue Bonds, Series 2019 (City Point Public Improvement District Improvement Zone B Project) in the amount of $8,965,000. The City Point Public Improvement District (the "District" was created for the purpose of undertaking and financing certain public improvements within the district as authorized by the PID Act and approved by the City Council. The City will pay the project costs for the improvement within Zone A and Zone B from proceeds of the corresponding bonds.

Special assessment bonds currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	4.50 - 5.63%	$ 8,050,000

Note III - Detailed Notes on all Funds (continued)

E. Long-term debt (continued)

Annual debt service requirements to maturity for special assessment bonds are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2023	$ 180,000	$ 427,081
2024	190,000	418,681
2025	195,000	409,813
2026	205,000	400,719
2027	215,000	390,369
2028-2032	1,245,000	1,775,875
2033-2037	1,625,000	1,406,294
2038-2042	1,705,000	921,094
2043-2047	1,425,000	524,063
2048-2052	1,065,000	116,638
	$ 8,050,000	$ 6,790,627

Leases Payable

The City is a lessee for the right to use golf carts and copiers. The agreements are reported in accordance with GASB Statement No. 87, *Leases,* effective October 1, 2021. An initial lease liability was recorded in the golf fund in the amount of $252,837 for the golf carts. An initial lease liability in the amount of $149,204 was recorded across the governmental activities and each enterprise fund. Leases currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	0.9160%	$ 98,052
Business-type activities	0.9160% - 3.1570%	175,738
		$ 273,790

Annual lease payments for the capital lease are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	$ 37,680	$ 740	$ 93,056	$ 4,024
2024	38,027	393	80,402	1,152
2025	22,345	68	2,280	7
	$ 98,052	$ 1,201	$ 175,738	$ 5,183

The value of the right-to-use intangible capital assets are as follows:

Asset Class	Leased Asset Value	Accumulated Amortization	Leased Asset Value, Net
Equipment	402,041	(130,874)	271,167

Note III - Detailed Notes on all Funds (continued)

E. Long-term debt (continued)

Long-term liability activity for the year ended September 30, 2022, is reflected in the following tables.

	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	$ 65,385,000	$ 11,830,000	$ (8,485,000)	$ 68,730,000	$ 5,820,000
General obligation bonds - Private placement	565,000	-	(265,000)	300,000	65,000
Certificates of obligation	41,040,000	370,000	(9,910,000)	31,500,000	3,330,000
Special assessment bonds	11,375,000	-	(3,325,000)	8,050,000	180,000
Leases	135,388	-	(37,336)	98,052	33,872
Premium on bond issues	6,550,597	875,378	(559,668)	6,866,307	-
Compensated absences	3,610,542	248,552	-	3,859,094	482,070
Total Governmental Activities	$ 128,661,527	$ 13,323,930	$ (22,582,004)	$ 119,403,453	$ 9,910,942
Business-type Activities:					
Bonds payable:					
General obligation bonds	$ 3,060,000	$ -	(520,000)	$ 2,540,000	$ 515,000
General obligation bonds - Private placement	120,000	-	(20,000)	100,000	20,000
Certificates of obligation	18,750,000	3,275,000	(1,345,000)	20,680,000	1,465,000
Certificates of obligation - Private placement	875,000	-	(60,000)	815,000	60,000
Leases	266,654	-	(90,916)	175,738	93,056
Premium on bond issues	858,407	251,717	(116,586)	993,538	-
Compensated absences	460,532	25,751	-	486,283	76,101
Total Business-type Activities	$ 24,390,593	$ 3,552,468	$ (2,152,502)	$ 25,790,559	$ 2,229,157

Current Year Debt Issuances

In September 2022, the City issued Series 2022 General Obligation Bonds in the amount of $11,830,000. The bonds were issued at a premium of $847,818 and mature in fiscal year 2042 with interest rates ranging from 3.00% to 5.00%. The proceeds of the sale will be used for (i) constructing and equipping City streets, roads, and intersections, and related curb, gutter, sidewalk, trail, drainage and utility infrastructure improvements, and the acquisition of land, easements, rights-of-way, and other real property interests necessary therefor, and (ii) professional services rendered in relation to such projects and the financing thereof.

In September 2022, the City issued Series 2022 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation in the amount of $3,645,000. The certificates were issued at a premium of $279,277 and mature in fiscal year 2042 with interest rates ranging from 4.25% to 5.00%. The proceeds of the sale will be used for (i) constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving the City's water and sewer system facilities, including the acquisition of land and rights-of-way therefor, (ii) acquiring fleet vehicles and equipment for various City departments, including the fire/emergency services department, and (iii) professional services rendered in relation to such projects and the financing thereof.

Note III - Detailed Notes on all Funds (continued)

E. Long-term debt (continued)

Current Year Defeasance

In the current year, the government defeased all remaining debt related to TIF #2 outstanding as of March 31, 2022. The City used current resources of $7,875,046 and deposited the amounts in an irrevocable trust account to provide for future debt service payments in the amount of $7,730,000 on the old bonds. The transaction resulted in net present value savings in the amount of $471,698. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At September 30, 2022, the City had $7,730,000 in defeased bonds outstanding.

F. Lease Receivable

The City was lessor to three lease agreements which were active as of October 1, 2021, the date of implementation of GASB Statement No. 87, *Leases.*

As of October 1, 2021, the City had a remaining 58-month lease as Lessor for the use of a cell tower. An initial lease receivable was recorded in the amount of $56,484.15. As of September 30, 2022, the value of the lease receivable is $42,515. The lessee is required to make annual fixed payments of $14,482. The lease has an interest rate of 1.0900%. The value of the deferred inflow of resources as of September 30, 2022 was $44,798, and the City recognized lease revenue of $11,686 during the fiscal year. The lessee has 3 extension option(s), each for 60 months. The lessee had a termination period of 12 months as of the lease commencement.

As of October 1, 2021, the City had a remaining 208-month lease as Lessor for the use of a restaurant building. An initial lease receivable was recorded in the amount of $645,115.67. As of September 30, 2022, the value of the lease receivable is $615,188. The lessee is required to make monthly fixed payments of $3,521. The lease has an interest rate of 2.1350%. The value of the deferred inflow of resources as of September 30, 2022 was $607,897, and North Richland Hills, TX recognized lease revenue of $37,218 during the fiscal year. The lessee has 2 extension option(s), each for 120 months.

As of October 1, 2021, the City had a remaining 208-month lease as Lessor for the use of a restaurant building. An initial lease receivable was recorded in the amount of $928,863. As of September 30, 2022, the value of the lease receivable is $884,295. The lessee is required to make monthly fixed payments of $5,191. The lease has an interest rate of 2.1350%. The value of the deferred inflow of resources as of September 30, 2022 was $875,275, and North Richland Hills, TX recognized lease revenue of $53,588.27 during the fiscal year. The lessee has 2 extension option(s), each for 120 months.

Note III - Detailed Notes on all Funds (continued)

G. Special Item

On November 10, 2021, the TIF #1 and #1A Board met and voted to recommend the North Richland Hills City Council take action to close TIF #1 and #1A. On June 27, 2022, the North Richland Hills City Council passed Ordinance Number 3746, which terminated the zones, dissolved the Board of Directors, and authorized the disbursement of remaining funds to the participating entities. On March 31, 2022, in anticipation of the TIF # 2 closure, the outstanding debt for TIF#2 was defeased. On June 27, 2022, the North Richland Hills City Council passed Ordinance Number 3747, which terminated the zone, dissolved the Board of Directors, and authorized the disbursement of remaining funds to the participating entities. The final disbursements to all entities for TIF #1, TIF #1A, and TIF #2 occurred in September 2022. The amounts were distributed out of the TIF #1 Capital Projects Fund and the TIF #2 Capital Projects Fund. Amounts due back to the City were distributed to the General Capital Projects fund and the Parks and Recreation Development fund. The remaining amounts were distributed to external parties. All distributions related to the TIF closures were reported as a special item in the financial statements. Detail of the distribution recipients is as follows:

Distribution Recipient	**TIF #1 & 1A**	**TIF #2**	**Total**
City of North Richland Hills:			
General Capital Projects	$ 68,132	$ 12,603,886	$ 12,672,018
Parks and Recreation Development	-	74,369	74,369
Subtotal City of North Richland Hills	68,132	12,678,255	12,746,387
External Recipients:			
Tarrant County	21,621	2,625,816	2,647,437
Tarrant County College	16,712	2,371,246	2,387,958
Tarrant County Hospital	27,437	2,320,774	2,348,211
Birdville ISD	164,306	-	164,306
Subtotal External Recipients	230,076	7,317,836	7,547,912
Total Distributions	**$ 298,208**	**$ 19,996,091**	**$ 20,294,299**

Note IV - Other Information

A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. While the City has historically retained a portion of these risks, coverage exists for: general, employment practice, law enforcement, and errors and omissions liability; excess workers' compensation; property damage; commercial crime coverage; and employee life insurance. Premiums are paid into the self-insurance internal service fund by all other participating funds and are available to pay claims, claim reserves, and administrative costs of the program.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for health and dental as well as workers' compensation claims that have been incurred but not reported ("IBNR"). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. An excess coverage medical insurance policy covers individual claims in excess of $175,000 and/or $10,386,756 in the aggregate for a 12-month period beginning on January 1, 2022. Changes in the balances of claims liabilities during the past two years are as follows:

	2022	2021
Unpaid claims, beginning of year	$ 1,129,330	$ 1,086,125
Incurred claims (including IBNR)	9,998,100	9,562,425
Claim payments	(10,207,385)	(9,519,220)
Unpaid claims, end of year	$ 920,045	$ 1,129,330

B. Contingent Liabilities

The City is a defendant in certain lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

C. Postemployment Benefits

The City offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan is administered by Public Employees Benefit Services Corporation. In 1998, the City implemented the requirements of GASB No. 32, *Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. In accordance with this statement and tax law, the City has amended its trust agreements which establish that all assets and income of the trust are for the exclusive benefit of eligible employees and their beneficiaries. Due to the implementation of these changes, the City does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plan other than remitting employees' contributions to the trustees. Accordingly, the City has not presented the assets and liabilities of the Plan in these basic financial statements.

Note IV - Other Information (continued)

C. Postemployment Benefits (continued)

Retiree Healthcare Plan

Plan Description - The City of North Richland Hills Retired Employees Healthcare Plan ("NRHREHP") is a single-employer defined benefit healthcare plan and is self-administered through an internal oversight committee (appointed by the City Manager through conveyed authority from City Council). NRHREHP provides medical, prescription, and dental insurance benefits to eligible retirees and their spouses. City council is the authoritative body granting health care benefits for both active and retired employees. The City provides postretirement health and dental care benefits for retirees and their dependents. The City does not have a separate audited generally accepted accounting principles financial report for the retiree health plan.

Benefits Provided – Full-time employees of the City who meet the City's requirements are eligible to participate in the retiree health care plan. Upon terminating from active service, employees must have separated in "good standing", be eligible to retire under the Texas Municipal Retirement System (age 60 with 5 years of service or 20 years of service at any age) with the declared intent to begin to receive an annuity check from TMRS, and must have been covered under the City's health plan on the retiree's last day of active employment. Reduced premium rates for medical and dental coverage are offered to eligible retirees that have attained age 55 at retirement and meet one of the following plan rules:

Plan Rule	Multiplier
90 Plan	1.00
85 Plan	1.25
80 Plan	1.50
Access Plan	1.75

To be eligible for the 90 Plan, 85 Plan or 80 Plan, retirees must have attained the applicable combined number of years of service plus age at time of retirement. To be eligible for the Access Plan, retirees must have attained age 60 with at least 10 years of service. Service requirements are based on continuous service with the City of North Richland Hills. Pre-65 medical premiums for 90 Plan retirees will be set to 20% of the total cost. Dental premiums for 90 Plan retirees are also reduced. For retirees that meet one of the other Plan Rules, applicable multiplier is applied to the premium rates for 90 Plan retirees. Medical coverage through the City's pre-65 health plan ceases when retirees/spouses become eligible for Medicare benefits. Vision benefits are available to retirees through a fully insured plan in which retirees pay 100% of the vision premiums. The City does not provide life insurance coverage for retirees or their dependents.

At December 31, 2021, valuation and measurement date, the following employees were covered by the benefit terms:

Membership	
Retirees and beneficiaries	182
Inactive, nonretired members	-
Active members	544
Total	726

Contributions - The contribution requirements of plan members and the City are established and may be amended by the City Council members. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund. For plan year 2021, the City contributed a total of $1,056,992 to the plan for benefit payments, which was for health insurance benefit payments.

Note IV - Other Information (continued)

C. Postemployment Benefits (continued)

Net OPEB Liability - The City's net OPEB liability ("NOL") was measured as of December 31, 2021 and the total OPEB liability ("TOL") used to calculate the NOL was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The TOL in the actuarial valuation was based on an actuarial valuation performed as of December 31, 2021. The following are the actuarial assumptions:

Valuation Date:	December 31, 2021
Methods and Assumptions:	
Actuarial Cost Method	Individual Entry-Age Normal
Single Discount Rate	2.45% as of December 31, 2021
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Trend Rates	Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.50% after 15 years; Post-65: Initial rate of 5.50% declining to an ultimate rate of 4.15% after 14 years
Participation Rates	85% for retirees meeting eligibility requirements for the 90 Plan; 75% for retirees meeting eligibility requirements for the 85 Plan; 60% for retirees meeting eligibility requirements for the 80 Plan; 60% for retirees meeting eligibility requirements for the Access Plan; 0% for retirees who are not eligible for any of the Plan Rules
Other Information:	The Single Discount Rate changed from 2.62% as of December 31, 2020 to 2.45% as of December 31, 2021. Additionally, the expected long-term rate of investment return was lowered from 6.25% to 6.00%.

Discount Rate - Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For the purpose of this valuation, the expected rate of return on OPEB plan investments is 6.00%; the municipal bond rate is 1.84% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); and the resulting Single Discount Rate is 2.45%.

Basis of Allocation - OPEB items are allocated between governmental activities and business-type activities on the basis of employee payroll funding. For the year ended September 30, 2022, those percentages were 90% and 10%, respectively, which approximated the prior year's allocations.

Note IV - Other Information (continued)

C. Postemployment Benefits (continued)

Changes in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at December 31, 2020	$ 38,442,696	$ 2,654,618	$ 35,788,078
Service cost	1,346,438	-	1,346,438
Interest	1,012,300	-	1,012,300
Difference between expected and actual experience	(4,824,354)	-	(4,824,354)
Changes of assumptions	602,574	-	602,574
Contributions - employer	-	1,056,992	(1,056,992)
Net investment income	-	249,744	(249,744)
Benefits payments, including refunds of employee contributions	(956,992)	(956,992)	-
Administrative expense	-	(16,855)	16,855
Net changes	(2,820,034)	332,889	(3,152,923)
Balance at December 31, 2021	$ 35,622,662	$ 2,987,507	$ 32,635,155

Changes of assumptions reflect a change in the Single Discount Rate from 2.62% as of December 31, 2020 to 2.45% as of December 31, 2021. This change increased the total OPEB liability. The long-term expected rate of investment return assumption was lowered from 6.25% to 6.00%. This change affected the Single Discount Rate assumption.

Consistent with the requirements of GASB Statements No. 74 and No. 75, employer contributions include "amounts for OPEB as the benefits come due that will not be reimbursed to the employer using OPEB plan assets." The employer contributions of $1,056,992 consists of a trust contribution of $100,000 and benefit payments of $956,992, which were paid by the City using its own assets. Please see page C-1 for the development of the benefit payments amount.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 2.45%, as well as what the City's net OPEB liability would be if it were calculate using a discount rate that is 1-percentage-point lower or 1-percentage higher than the current rate:

	1% Decrease in Discount Rate (1.45%)	Discount Rate (2.45%)	1% Increase in Discount Rate (3.45%)
City's Net OPEB Liability	$ 36,467,117	$ 32,635,155	$ 29,324,360

Note IV - Other Information (continued)

C. Postemployment Benefits (continued)

The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate, as well as what the City's net OPEB liability would be if it were calculate using a trend rate that is 1-percentage-point lower or 1-percentage higher:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
City's Net OPEB Liability	$ 28,709,364	$ 32,635,155	$ 37,441,065

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB's plan Fiduciary Net Position is available in the basic financial statements section of the City of North Richland Hills Annual comprehensive financial report for the year-ended September 30, 2022.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the City recognized an OPEB expense of $493,699.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in assumption changes	$ 2,739,537	$ (697,465)
Differences between expected and actual experience	-	(10,689,850)
Contributions subsequent to the measurement date	738,383	-
	$ 3,477,920	$ (11,387,315)

$738,383 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended September 30,	Amount
2023	$ (1,691,347)
2024	(1,731,634)
2025	(1,725,637)
2026	(1,644,159)
2027	(1,035,113)
Thereafter	(819,888)
	$ (8,647,778)

Note IV - Other Information (continued)

D. Employee Retirement System and Pension Plan

Plan Description

The City of North Richland Hills participates as one of 883 plans in the nontraditional, joint contributory, hybrid agent multiple-employer defined benefit pension plan administered by the Texas Municipal Retirement System ("TMRS"). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues an annual comprehensive financial report ("ACFR") available to the public that can be obtained at www.tmrs.org.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options.

Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of member's deposits and interest.

Benefits depend upon the sum of the employees' contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% and 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit. An updated service credit is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the City Council, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Note IV - Other Information (continued)

D. Employee Retirement System and Pension Plan (continued)

As the December 31, 2021, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	442
Inactive employees entitled to but not yet receiving benefits	352
Active employees	544
	1,338

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal ("EAN") actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.83% and 16.81% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022 were $6,384,064, and were equal to the required contributions.

Net Pension Liability

The City's net pension liability ("NPL") was measured as of December 31, 2021, and the total pension liability ("TPL") used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 Years (longest amortization ladder)
Asset Valuation Method	10 Years smoothed market; 12% soft corridor
Inflation	2.50%
Overall payroll growth	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Note IV - Other Information (continued)

D. Employee Retirement System and Pension Plan (continued)

Actuarial assumptions used in the December 31, 2021, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2014 through December 31, 2018.

The long-term expected rate of return on pension plan investment was determined using a building-block method in which best estimate ranges of expend future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equities	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Basis of Allocation

Pension items are allocated between governmental activities and business-type activities on the basis of employee payroll funding. For the year ended September 30, 2022, those percentages were 83% and 17%, respectively, which approximated the prior year's allocations.

Note IV - Other Information (continued)

D. Employee Retirement System and Pension Plan (continued)

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2020	$ 284,879,083	$ 266,768,946	$ 18,110,137
Changes for the year:			
Service cost	7,090,461	-	7,090,461
Interest	19,044,318	-	19,044,318
Difference between expected and actual experience	3,813,382	-	3,813,382
Contributions - employer	-	6,517,324	(6,517,324)
Contributions - employee	-	2,710,717	(2,710,717)
Net investment income	-	34,769,354	(34,769,354)
Benefits payments, including refunds of employee contributions	(12,572,548)	(12,572,548)	-
Administrative expense	-	(160,913)	160,913
Other changes	-	1,102	(1,102)
Net changes	17,375,613	31,265,036	(13,889,423)
Balance at December 31, 2021	$ 302,254,696	$ 298,033,982	$ 4,220,714

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculate using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	$ 46,837,822	$ 4,220,714	$ (30,736,741)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately- issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

Note IV - Other Information (continued)

D. Employee Retirement System and Pension Plan (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2022, the City recognized pension expense of $669,950.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ -	$ (17,829,426)
Difference in assumption changes	135,972	-
Differences between expected and actual experience	3,203,457	(91,343)
Contributions subsequent to the measurement date	5,075,814	-
	$ 8,415,243	$ (17,920,769)

$5,075,814 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Amount
2023	$ (2,052,890)
2024	(6,614,461)
2025	(2,916,029)
2026	(2,997,960)
	$ (14,581,340)

E. Tax Incentive Rebates

The City of North Richland Hills currently has one (1) active Commercial Development and Job-Related Incentive Rebates that develop or redevelop a particular property attracting business that generates incremental tax revenues. The agreement is subject to Chapter 380 of the Texas Local Government Code that promotes local economic development, commercial activity and business stimulation. City Council approves the agreements via resolution. As part of the agreement, the City agrees to rebate the ad valorem tax increment and the local sales tax after confirmation of payment. If the businesses do not meet the obligations as set forth in the agreement, a claw-back provision for default on agreement is included in the agreement and the business agrees return a percentage of the rebate back to the City. Total rebate of taxes for fiscal year 2022 was $135,560.

Note IV - Other Information (continued)

F. Implementation of New Accounting Standards

GASB No. 87, *Leases,* was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The financial statements have been updated to reflect this new standard.

G. Subsequent Events

In November 2022, City issued $14,205,000 of Series 2022A Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation. Proceeds from the sale of the Certificates will be used for (i) constructing, renovating, equipping, and improving various City streets, roads, and intersections, and related curb, gutter, sidewalk, trail, drainage and utility infrastructure improvements, and the acquisition of land, easements, rights-of-way, and other real property interests necessary therefor, (ii) constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving the City's water and sewer system facilities, including the acquisition of land and rights-of-way therefor, (iii) acquiring fleet vehicles and equipment for various City departments, including the fire/emergency services department and public works, and (iv) professional services rendered in relation to such projects and the financing thereof.

H. Deficit Fund Balance

The Grants Fund had a deficit fund balance of $356,601 as of September 30, 2022 due to certain projects being funded out of this special revenue fund prior to the official notice of grant award. The deficit will be replenished in the future with grant funds. If grant funds are not awarded, the deficit will be replenished by the General Fund.

Required Supplementary Information

NRH Public Works Street division crews replace a section along a residential street.

In 2020, the Street Division resurfaced approximately 7 miles of residential streets. Additionally, the Street Division excavated and patched over 66,859 square feet of asphalt pavement and sealed approximately 29 miles of pavement.

In 2021, the Street Division resurfaced approximately 4.84 miles of residential streets. Additionally, the Street Division excavated and patched over 27,015 square feet of asphalt pavement and sealed approximately 22 miles of pavement.

In 2022, the Street Division resurfaced approximately 3.71 miles of residential streets. Additionally, the Street Division excavated and patched over 26,212 square feet of asphalt pavement and crack sealed approximately 8 miles of pavement.

CITY OF NORTH RICHLAND HILLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

For the Last Eight Measurement Years

	Measurement Year December 31,							
	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Total Pension Liability								
Service cost	$ 7,090,461	$ 6,818,264	$ 6,689,567	$ 6,406,497	$ 6,191,617	$ 5,991,326	$ 5,732,122	$ 5,572,383
Interest (on the total pension liability)	19,044,318	18,175,404	17,239,979	16,482,949	15,687,433	14,990,680	14,861,355	14,176,755
Difference between expected and actual experience	3,813,382	(58,137)	767,788	(455,398)	523,226	(1,803,452)	(1,819,900)	(1,880,743)
Change of assumptions	-	-	409,737	-	-	-	(452,493)	-
Benefit payments, including refunds of employee contributions	(12,572,548)	(11,825,125)	(10,801,408)	(11,919,243)	(9,529,337)	(8,383,529)	(8,959,709)	(7,376,810)
Net Change in Total Pension Liability	17,375,613	13,110,406	14,305,663	10,514,805	12,872,939	10,795,025	9,361,375	10,491,585
Total Pension Liability - Beginning	284,879,083	271,768,677	257,463,014	246,948,209	234,075,270	223,280,245	213,918,870	203,427,285
Total Pension Liability - Ending (a)	$ 302,254,696	$ 284,879,083	$ 271,768,677	$ 257,463,014	$ 246,948,209	$ 234,075,270	$ 223,280,245	$ 213,918,870
Plan Fiduciary Net Position								
Contributions - employer	$ 6,517,324	$ 6,081,331	$ 6,008,691	$ 5,737,359	$ 5,623,410	$ 5,409,161	$ 5,468,306	$ 5,636,415
Contributions - employee	2,710,717	2,605,232	2,604,392	2,491,416	2,410,529	2,328,666	2,280,541	2,236,673
Net investment income	34,769,354	19,045,720	33,921,847	(6,894,711)	28,219,967	12,939,363	284,162	10,400,524
Benefit payments, including refunds of employee contributions	(12,572,548)	(11,825,125)	(10,801,408)	(11,919,243)	(9,529,337)	(8,383,529)	(8,959,709)	(7,376,810)
Administrative expense	(160,913)	(123,279)	(191,704)	(133,257)	(146,245)	(146,139)	(173,081)	(108,580)
Other	1,102	(4,810)	(5,759)	(6,962)	(7,411)	(7,874)	(8,547)	(8,929)
Net Change in Plan Fiduciary Net Position	31,265,036	15,779,069	31,536,059	(10,725,398)	26,570,913	12,139,648	(1,108,328)	10,779,293
Plan Fiduciary Net Position - Beginning	266,768,946	250,989,877	219,453,818	230,179,216	203,608,303	191,468,655	192,576,983	181,797,690
Plan Fiduciary Net Position - Ending (b)	$ 298,033,982	$ 266,768,946	$ 250,989,877	$ 219,453,818	$ 230,179,216	$ 203,608,303	$ 191,468,655	$ 192,576,983
Net Pension Liability - Ending (a) - (b)	$ 4,220,714	$ 18,110,137	$ 20,778,800	$ 38,009,196	$ 16,768,993	$ 30,466,967	$ 31,811,590	$ 21,341,887
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	98.60%	93.64%	92.35%	85.24%	93.21%	86.98%	85.75%	90.02%
Covered Payroll	$ 38,724,529	$ 37,217,597	$ 37,205,542	$ 35,591,651	$ 34,436,087	$ 33,266,663	$ 32,568,873	$ 31,952,469
Net Pension Liability as a Percentage of Covered Payroll	10.90%	48.66%	55.85%	106.79%	48.70%	91.58%	97.67%	66.79%

Changes in assumptions: In the 2015 valuation, the investment rate of return decreased from 7.0% to 6.75%, the discount rate decreased from 7.0% to 6.75%, and the inflation rate decreased from 3.0% to 2.5%

The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods of which such information is available are presented.

CITY OF NORTH RICHLAND HILLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN
SCHEDULE OF PENSION CONTRIBUTIONS
For the Last Eight Fiscal Years

	Fiscal Year							
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Actuarially determined contribution	$ 6,677,664	$ 6,384,064	$ 6,318,501	$ 5,905,942	$ 5,727,471	$ 5,559,812	$ 5,417,111	$ 5,528,987
Contributions in relation to the actuarially determined contribution	6,677,664	6,384,064	6,318,501	5,905,942	5,727,471	5,559,812	5,417,111	5,528,987
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 39,820,111	$ 38,194,320	$ 38,791,732	$ 36,587,770	$ 35,403,126	$ 34,086,933	$ 33,017,098	$ 32,471,592
Contributions as a percentage of covered payroll	16.77%	16.71%	16.29%	16.14%	16.18%	16.31%	16.41%	17.03%

Valuation Date: Actuarially determined contribution rates are calculated as of December 31, and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rate:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 Years
Asset Valuation Method	10 Year Smoothed Market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuantto an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with Public Safety table used for males and the General Employee table used for females.Rates projected on fully generational basis with scale UMP.

Other Information: There were no benefit changes during the year.

The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods of which such information is available are presented.

CITY OF NORTH RICHLAND HILLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

NORTH RICHLAND HILLS RETIRED EMPLOYEES HEALTHCARE PLAN

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

For the Last Five Measurement Years

	Measurement Year December 31,				
	2021	**2020**	**2019**	**2018**	**2017**
Total OPEB Liability					
Service cost	$ 1,346,438	$ 1,181,994	$ 1,415,009	$ 1,380,982	$ 3,033,865
Interest on the total OPEB liability	1,012,300	1,175,886	1,748,613	1,612,101	2,939,073
Changes of benefit terms	-	-	-	-	(36,006,639)
Difference between expected and actual experience	(4,824,354)	(739,254)	(9,119,458)	(424,223)	-
Change of assumptions	602,574	2,282,881	471,134	(1,473,549)	678,308
Benefit payments	(956,992)	(1,435,968)	(1,377,599)	(2,036,450)	(2,192,748)
Net Change in Total OPEB Liability	(2,820,034)	2,465,539	(6,862,301)	(941,139)	(31,548,141)
Total OPEB Liability - Beginning	38,442,696	35,977,157	42,839,458	43,780,597	75,328,738
Total OPEB Liability - Ending (a)	$ 35,622,662	$ 38,442,696	$ 35,977,157	$ 42,839,458	$ 43,780,597
Plan Fiduciary Net Position					
Contributions - employer	$ 1,056,992	$ 1,535,968	$ 1,477,599	$ 2,136,450	$ 2,292,748
Net investment income	249,744	310,555	333,159	(79,800)	212,194
Benefit payments	(956,992)	(1,435,968)	(1,377,599)	(2,036,450)	(2,192,748)
Administrative expense	(16,855)	(13,443)	(11,962)	(10,939)	(8,770)
Net Change in Plan Fiduciary Net Position	332,889	397,112	421,197	9,261	303,424
Plan Fiduciary Net Position - Beginning	2,654,618	2,257,506	1,836,309	1,827,048	1,523,624
Plan Fiduciary Net Position - Ending (b)	$ 2,987,507	$ 2,654,618	$ 2,257,506	$ 1,836,309	$ 1,827,048
Net OPEB Liability - Ending (a) - (b)	$ 32,635,155	$ 35,788,078	$ 33,719,651	$ 41,003,149	$ 41,953,549
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	8.39%	6.91%	6.27%	4.29%	4.17%
Covered Payroll	$ 38,724,529	$ 37,217,597	$ 37,205,602	$ 34,555,433	$ 33,455,733
Net OPEB Liability as a Percentage of Covered Payroll	84.28%	96.16%	90.63%	118.66%	125.40%

Changes of assumptions reflect a change in the Single Discount Rate from 4.08% as of December 31, 2018 to 3.28% as of December 31, 2019.

Consistent with the requirements of GASB Statement No. 74, the employer contributions include "amounts for OPEB as the benefits come due that will not be reimbursed to the employer using OPEB plan assets." The employer contributions shown above include trust contributions of $100,000 and benefit payments of $1,377,599, which were paid by the City using its own assets.

CITY OF NORTH RICHLAND HILLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes				
Property taxes (penalties & interest included)	$ 22,579,388	$ 22,579,388	$ 22,665,091	$ 85,703
City sales taxes	11,243,573	12,308,657	13,219,393	910,736
Mixed beverage taxes	143,746	143,746	150,849	7,103
Franchise taxes	4,779,998	4,709,158	4,867,093	157,935
Sub-total taxes	38,746,705	39,740,949	40,902,426	1,161,477
Fines and forfeitures	2,090,037	1,909,315	1,974,887	65,572
Licenses and permits	2,282,727	2,320,727	2,986,815	666,088
Charges for services	2,531,560	2,490,435	2,942,206	451,771
Intergovernmental	5,184,745	5,185,264	5,292,770	107,506
Miscellaneous	1,920,311	1,908,255	1,996,004	87,749
Sub-total non-tax revenues	14,009,380	13,813,996	15,192,682	1,378,686
Other appropriations				
Court technology fund	-	-	39,000	39,000
General Fund Reserves	807,963	1,466,460	-	(1,466,460)
Sub-total other appropriations	807,963	1,466,460	39,000	(1,427,460)
Total Revenues	53,564,048	55,021,405	56,134,108	1,112,703
Expenditures				
City council	133,275	132,775	101,945	30,830
City manager	793,781	824,314	822,375	1,939
Communications	419,267	459,272	446,324	12,948
City secretary	499,897	500,430	468,601	31,829
Legal	561,992	642,950	641,344	1,606
Human resources	153,064	171,842	131,522	40,320
Finance	813,829	815,471	796,999	18,472
Budget and research	437,213	437,302	415,013	22,289
Municipal court	1,490,611	1,500,871	1,432,484	68,387
Planning and inspections	1,382,003	1,388,521	1,348,934	39,587
Economic development	364,734	368,533	367,645	888
Library	2,343,658	2,352,432	2,294,275	58,157
Neighborhood services	2,151,255	2,162,016	2,117,249	44,767
Public works	3,336,650	3,339,085	3,097,171	241,914
Parks and recreation	1,959,900	1,961,114	1,925,006	36,108
Police	16,904,754	17,031,355	17,007,871	23,484
Fire	14,933,760	15,154,128	14,842,737	311,391
Building services	812,101	812,101	812,101	-
Non-departmental	1,402,286	1,321,418	1,267,858	53,560
Sub-total departments	50,894,030	51,375,930	50,337,454	1,038,476
Other & Reserves				
Operational transfers	917,576	296,555	296,555	-
Capital project transfers	1,050,000	2,953,693	2,953,693	-
Reserves	702,442	395,227	-	395,227
Sub-total other & reserves	2,670,018	3,645,475	3,250,248	395,227
Total Expenditures	53,564,048	55,021,405	53,587,702	1,433,703
Net Increase (Decrease)	$ -	$ -	2,546,406	$ 2,546,406
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			(202,876)	
Miscellaneous			(403,105)	
Net change in fund balance (deficit) - GAAP			$ 1,940,425	

CITY OF NORTH RICHLAND HILLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET (NON-GAAP BASIS) AND ACTUAL -

PARKS AND RECREATION DEVELOPMENT CORPORATION FUND

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Sales tax	$ 5,621,818	$ 6,154,344	$ 6,609,698	$ 455,354
Interest income	204,460	214,560	146,750	(67,810)
Youth assn. maintenance fees	22,800	16,600	21,356	4,756
Tennis center revenue	435,750	477,250	493,640	16,390
Park impact fees	95,000	94,000	69,574	(24,426)
Other income	37,353	51,242	21,194	(30,048)
Appropriation of Reserves / PY Encumbrances	230,000	250,758	-	(250,758)
Subtotal PARD revenues (excluding NRH Centre)	6,647,181	7,258,754	7,362,212	103,458
NRH Centre:				
Memberships/drop-in passes	1,300,000	1,300,000	1,418,802	118,802
Fitness	442,000	361,000	409,435	48,435
Recreation/sports	351,000	335,600	387,504	51,904
Grand hall rental	352,810	399,815	481,686	81,871
Catering & event fees	21,690	17,820	22,297	4,477
Aquatic programs	240,000	220,000	229,641	9,641
Pool rental	3,000	3,000	2,565	(435)
Gym rental	12,000	-	200	200
Concessions/merchandise	27,000	27,500	37,157	9,657
Special events	8,500	9,180	9,180	-
Other	36,939	24,815	34,169	9,354
General fund	487,102	487,102	487,102	-
Subtotal NRH Centre revenues (only)	3,282,041	3,185,832	3,519,738	333,906
Total Revenues	9,929,222	10,444,586	10,881,950	437,364
Expenditures				
Operating:				
Park facilities development administration	831,594	832,337	728,514	103,823
Parks & public grounds, Athletic program services	2,360,714	2,371,918	2,194,893	177,025
Tennis center operations	601,188	598,378	580,957	17,421
Sub-total operating	3,793,496	3,802,633	3,504,364	298,269
NRH Centre:				
Center management	932,697	918,860	926,763	(7,903)
Fitness	406,434	393,555	399,026	(5,471)
Building operations	230,674	270,005	231,098	38,907
Aquatic	673,005	726,286	775,242	(48,956)
Recreation sports	317,556	321,083	294,591	26,492
Event center	345,074	324,674	299,902	24,772
Building services	275,090	275,090	275,090	-
Sub-total NRH Centre	3,180,530	3,229,553	3,201,712	27,841
Other & Reserves				
Debt service - CO's	452,505	452,505	470,035	(17,530)
Indirect costs	512,957	512,957	503,097	9,860
Non-department	61,523	53,100	52,385	715
Transfer to other funds	874,000	941,075	941,075	-
Contribution to reserves	717,155	1,271,310	-	1,271,310
Reserve for economic development	140,545	153,859	165,242	(11,383)
Reserve for Impact Fees	95,000	26,925	69,574	(42,649)
Reserve for PARD	101,511	669	318,026	(317,357)
Sub-total other & reserves	2,955,196	3,412,400	2,519,434	892,966
Total Expenditures	9,929,222	10,444,586	9,225,510	1,219,076
Net Increase (Decrease)	$ -	$ -	1,656,440	$ 1,656,440
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			(98,264)	
Miscellaneous			452,263	
Net change in fund balance (deficit) - GAAP			$ 2,010,439	

Note A - Budgetary Information

The City Council adopts an annual legal budget, which covers the Governmental Funds, Enterprise and Internal Service Funds. All appropriations lapse at fiscal year-end (September 30th) with the exception of capital projects, which carry forward to completion of the project. The budgets for Governmental Funds are prepared on the modified accrual basis, which is the same as the basis of accounting. Enterprise and Internal Service Funds are prepared on the modified accrual basis and differ from the accounting basis by recognizing debt principal payments, capital outlays as expenditures, and compensated absences as payments come due. Additionally, depreciation is not included as a budgetary expense. The City Manager will submit the proposed budget to City Council in July and prior to adoption will hold the required public hearings for the proposed budget and proposed tax rate. After the public hearings are held, the City Council will adopt the proposed budget and proposed tax rate through ordinance. The proposed budget becomes effective on October 1st of that calendar year and runs through September 30th of the following calendar year.

The appropriated budget is prepared by fund, department, and division. The City Manager is authorized to make inter-departmental and inter-fund transfers during the fiscal year as deemed necessary in order to avoid over-expenditure of particular accounts. After the budget is adopted, the City Manager is not allowed to authorize any expenditure that exceeds total funds in the overall budget without amending the budget through City Council action. Below is a summary of changes in the adopted operating budget.

Note A - Budgetary Information (continued)

Legally Adopted Fund	Original	Final	Increase (Decrease)	Explanation
General Fund	$53,564,048	$55,021,405	$ 1,457,357	The majority of the change was due to an increase to the Planned Contribution to Fund Balance in the amount +$1,596,478. The remainder of the change resulted from the following: approximately +$401,674 for prior year encumbrances; +$80,226 increase in revisions to budget as requested by various departments. Offset by a reduction to General Fund Operational Transfers of -$621,021 driven primarily by eliminating a transfer to the Debt Service fund that was no longer needed.
General Debt Service	13,239,998	12,522,760	(717,238)	Removed debt payment for Aquatic Park due to the Aquatic Park Fund assuming the debt obligation.
Parks and Recreation	9,929,222	10,444,586	515,364	There was an increase of $49,737 in revisions to budget as requested by the department. +$67,075 increase in impact fee capital project expenses related to additional funds needs for the construction of approved capital project PK2105 Richfield Park Tennis/Pickleball Court Replacement. +$13,314 increase to the transfer to Economic Development in direct proportion to its share of the revised Sales Tax estimated for fiscal year 2022. +554,155 increase to the Planned Contribution to Reserves. These increases were offset by the following decreases. -$100,842 reduction to the transfer to NRH Centre Fund Reserves due to there being emergency repairs needed for two critical systems (Dectron and Trane) at the recreation center.-$68,075 reduction to the transfer to Impact Fee reserves as these funds were needed for work on approved capital projects that needed additional funding.
Gas Development	473,453	711,565	238,112	The increase result from: +$41,000 for a land purchase and +$197,112 increase to the Contribution to Fund Balance.

Note A - Budgetary Information (continued)

Legally Adopted Fund	Original	Final	Increase (Decrease)	Explanation
Promotional	287,064	286,295	(769)	The increase is due to +$1,000 in additional funding for the Concert Series events held during spring offset by a reduction of -$1,769 to the Planned Contribution to Reserves.
Donations	249,479	254,031	4,552	+$4,552 resulted from increases in revisions to the budget as requested by various departments.
Special Investigations	290,500	263,738	(26,762)	-$4,552 resulted from increases in revisions to the budget as requested by the Police Department for various activities.
Drainage Utility Fund	1,691,061	1,700,298	9,237	+$9,237 increase to the Planned Contribution to Reserves.
Crime Control District	6,238,277	6,967,571	729,294	There was an increase of approximately +$28,732 in prior year encumbrances. +$192,152 in revisions to budget as requested by the Police Department. +$128,000 for an amendment approved on 4.11.22 to provided additional funding for IT2201 Replacement of Spillman CAD/RMS Servers. +$150,000 for capital projects IT2215 Forensic Digital Storage and +$150,000 for IT2214 Interview Room Video. +$80,410 increase to the Planned Contribution to Fund Balance.
Traffic Safety	$129,104	$133,959	$ 4,855	+$4,855 increase is due to prior year encumbrances.
Utility	39,461,323	40,567,839	1,106,516	There was an increase of $794,000 for the Walker Calloway TRA project emergency repair. $128,620 increase to the transfer to capital for UT2209 Generator Feasibility Study for nine facilities presented to and approved by Council on 7/25/2022. +$162,879 increase to the Planned Contribution to Fund Balance. +$21,017 in revisions to budget as requested by departments.
Aquatic Park	4,281,474	4,671,850	390,376	+$376,576 increase resulted from a budget amendment presented to and approved by Council on 4/25/2022. +$13,800 revisions to budget as requested by the department.

Note A - Budgetary Information (continued)

Legally Adopted Fund	Original	Final	Increase (Decrease)	Explanation
Golf	2,843,572	3,224,972	381,400	+$312,148 increase resulted from a budget amendment presented to and approved by Council on 4/25/2022. Approximately +$51,501 in prior year encumbrances rolled forward. +$17,751 in revisions to the budget as requested by the department.
Facilities and Construction	3,053,318	3,206,967	153,649	+$8,000 increase for re-estimated natural gas expenses. +$94,000 increase for re-estimated electric expenses. Approximately +$50,899 increase from prior year encumbrances rolled forward. +$750 in revisions to budget as requested by the department.
Fleet Services	4,070,668	5,347,449	1,276,781	Approximately +$385,319 increase from prior year encumbrances rolled forward. $351,601 fiscal year 2023 Ford PD Purchase and $393,425 purchase of city-wide vehicles for fiscal year 2023 presented to and approved by Council on 7.11.22. +$140,000 increase resulting from a re-estimate of costs for fuel/gasoline. +$6,436 in revisions to budget as requested by the department.
Self-Insurance	15,846,858	15,975,131	128,273	Approximately +$194,595 in prior year encumbrances rolled forward. +$179,572 in revisions to budget as requested by the department. Approximately -$3,086,424 in revisions to budget to bring Health & Medical expenses in line with updated estimates for fiscal year 2022. +$2,840,530 increase to Planned Contribution to Fund Balance.
Information Technology	4,194,737	4,664,775	470,038	Approximately +$251,902 in prior year encumbrances rolled forward. +$163,000 for the inclusion of Citywide VOIP replacement in fiscal year 2022. +$73,557 in revisions to budget as requested by the department. -$18,421 decrease to the Planned Contribution to Fund Balance.
Total	$ 159,844,156	$ 165,965,191	$ 6,121,035	

NRH

Other Supplementary Information

The NRH Centre is North Richland Hills premier fitness, aquatics and activity center and is designed to be the Centre of your active, healthy and connected world. As Tarrant County's first LEED certified recreation center, the NRH Centre is built and operated using sustainable features to minimize its impact on the environment. The Centre includes indoor aquatics, fitness, gymnasium, a senior center, and the Grand Hall for events.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Promotional Fund accounts for the operations and expenditures for which hotel/motel occupancy taxes are used. Occupancy tax revenues are primarily to attract tourist and new businesses to the City.

The Donations Fund holds funds contributed (donated) to the City for special projects earmarked by requests or nonrecurring expenditures. It primarily collects and holds funds that are voluntarily given by the citizens via adding $1.50 to their water utility billing which is then distributed to support the activities of the library and neighborhood services departments.

The Special Investigations Fund is mandated by state statute to account for various legal seizure and forfeiture deposits and expenditures.

The Drainage Utility Fund accounts for the establishment of drainage facilities within the municipal boundaries of the City and the subsequent billing and collection of fees so established.

The Crime Control and Prevention District Fund accounts for the accumulation and use of half-cent sales tax proceeds dedicated for crime prevention and reduction programs.

The Economic Development Fund accounts for the accumulation and expenditure of resources designed to stimulate the local economy through development and redevelopment.

The Traffic Safety Fund accounts for funds collected from various red-light traffic safety cameras. These resources assist with funding of various traffic safety projects.

The Gas Development Fund accounts for the accumulation and expenditures of resources from gas drilling and exploration on City owned property.

CAPITAL PROJECTS FUND

Tax Increment Financing District #1 (TIF #1) Fund accounts for funds held for drainage improvements that alleviate flooding problems, reduce property damage associated with flooding, utility service line burial, and stimulate development for the benefit of citizens within TIF #1.

The Tax Increment Financing District #2 (TIF #2) Capital Projects Fund provides funding for public improvements that would benefit the participants in and citizens of TIF #2 as well as others in the Metroplex area.

Tax Increment Financing District #3 (TIF #3) Fund accounts for funds held for drainage improvements that alleviate flooding problems, reduce property damage associated with the flooding, and stimulate development for the benefit of citizens within TIF #3.

The City Point Development Project Fund accounts for public improvements funded by special assessment debt for the benefit of citizens within TIF #3.

DEBT SERVICE FUNDS

The Tax Increment Financing District #2 Debt Service Fund is used to accumulate monies for the payment of principal, interest, and related charges on the debts of TIF #2.

The City Point Development Bond Fund is used to accumulate monies for the payment of principal, interest, and related charges on the special assessment bonds of TIF #3.

The Sales Tax Revenue Debt Service Fund is used to accumulate monies for the payment of principal, interest, and related charges on sales tax revenue bonds.

CITY OF NORTH RICHLAND HILLS, TEXAS
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2022

	Special Revenue			
	Promotional	Donations	Special Investigations	Drainage Utility
Assets				
Cash and cash equivalents	$ 422,437	$ 352,254	$ 232,624	$ 1,868,743
Investments	454,411	384,913	245,916	1,988,718
Receivables, net of allowance:				
Accounts	-	-	-	188,372
Other taxes receivable	84,131	-	-	-
Interest receivable	91	77	49	398
Other receivables	-	-	483	-
Assets limited to use:				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Total Assets	$ 961,070	$ 737,244	$ 479,072	$ 4,046,231
Liabilities				
Accounts payable	$ -	$ 6,211	$ 520	$ -
Deposits and other liabilities	-	128	12,746	-
Total liabilities	-	6,339	13,266	-
Fund Balances				
Restricted:				
Crime control district	-	-	-	-
Debt service	-	-	-	-
Promotional & economic development	961,070	-	-	-
Public safety	-	-	465,806	-
Capital projects	-	-	-	-
Committed:				
Donations	-	730,905	-	-
Drainage Utility	-	-	-	4,046,231
Gas development	-	-	-	-
Total Fund Balances	961,070	730,905	465,806	4,046,231
Total Liabilities, Deferred Inflows and Fund Balances	$ 961,070	$ 737,244	$ 479,072	$ 4,046,231

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

September 30, 2022

	Special Revenue			
	Crime Control District	**Economic Development**	**Traffic Safety**	**Gas Development**
Assets				
Cash and cash equivalents	$ 10,000	$ 51,888	$ 341,388	$ 880,340
Investments	-	315,415	363,529	940,899
Receivables, net of allowance:				
Accounts	-	-	-	-
Other taxes receivable	1,162,814	-	-	-
Interest receivable	170	63	73	188
Other receivables	-	-	-	267,641
Assets limited to use:				
Cash and cash equivalents	673,794	258,037	-	-
Investments	850,017	-	-	-
Total Assets	$ 2,696,795	$ 625,403	$ 704,990	$ 2,089,068
Liabilities				
Accounts payable	$ 31,282	$ -	$ 3,750	$ -
Deposits and other liabilities	66	-	214	-
Total liabilities	31,348	-	3,964	-
Fund Balances				
Restricted:				
Crime control district	2,665,447	-	-	-
Debt service	-	-	-	-
Promotional & economic development	-	625,403	-	-
Public safety	-	-	701,026	-
Capital projects	-	-	-	-
Committed:				
Donations	-	-	-	-
Drainage Utility	-	-	-	-
Gas development	-	-	-	2,089,068
Total Fund Balances	2,665,447	625,403	701,026	2,089,068
Total Liabilities, Deferred Inflows and Fund Balances	$ 2,696,795	$ 625,403	$ 704,990	$ 2,089,068

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

September 30, 2022

	Capital Projects			
	TIF #1 Capital Projects Fund	**TIF #2 Capital Projects Fund**	**TIF #3 Capital Projects Fund**	**City Point Development Project Fund**
Assets				
Cash and cash equivalents	$ -	$ -	$ -	$ -
Investments	-	-	-	-
Receivables, net of allowance:				
Accounts	-	-	-	-
Other taxes receivable	-	-	-	-
Interest receivable	-	-	-	-
Other receivables	-	-	-	-
Assets limited to use:				
Cash and cash equivalents	-	-	14,251	433,561
Investments	-	-	-	-
Total Assets	$ -	$ -	$ 14,251	$ 433,561
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Deposits and other liabilities	-	-	-	-
Total liabilities	-	-	-	-
Fund Balances				
Restricted:				
Crime control district	-	-	-	-
Debt service	-	-	-	-
Promotional & economic development	-	-	14,251	-
Public safety	-	-	-	-
Capital projects	-	-	-	433,561
Committed:				
Donations	-	-	-	-
Drainage Utility	-	-	-	-
Gas development	-	-	-	-
Total Fund Balances	-	-	14,251	433,561
Total Liabilities, Deferred Inflows and Fund Balances	$ -	$ -	$ 14,251	$ 433,561

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

September 30, 2022

	Debt Service			
	TIF #2 Debt Service Fund	City Point Development Bond Fund	Sales Tax Revenue Bond	Total Non-major Governmental Funds
Assets				
Cash and cash equivalents	$ -	$ -	$ -	$ 4,159,674
Investments	-	-	-	4,693,801
Receivables, net of allowance:				
Accounts	-	-	-	188,372
Other taxes receivable	-	-	-	1,246,945
Interest receivable	-	-	-	1,109
Other receivables	-	-	-	268,124
Assets limited to use:				
Cash and cash equivalents	-	813,994	1,369	2,195,006
Investments	-	-	-	850,017
Total Assets	$ -	$ 813,994	$ 1,369	$ 13,603,048
Liabilities				
Accounts payable	$ -	$ -	$ -	41,763
Deposits and other liabilities	-	-	-	13,154
Total liabilities	-	-	-	54,917
Fund Balances				
Restricted:				
Crime control district	-	-	-	2,665,447
Debt service	-	813,994	1,369	815,363
Promotional & economic development	-	-	-	1,600,724
Public safety	-	-	-	1,166,832
Capital projects	-	-	-	433,561
Committed:				
Donations	-	-	-	730,905
Drainage Utility	-	-	-	4,046,231
Gas development	-	-	-	2,089,068
Total Fund Balances	-	813,994	1,369	13,548,131
Total Liabilities, Deferred Inflows and Fund Balances	$ -	$ 813,994	$ 1,369	$ 13,603,048

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	Special Revenue			
	Promotional	Donations	Special Investigations	Drainage Utility
Revenues				
Taxes	$ 328,965	$ -	$ -	$ -
Charges for services	-	-	-	1,720,723
Gas utility leases and royalties	-	-	-	-
Contributions	-	182,068	-	-
Special assessments	-	-	-	-
Investment income (loss)	(12,846)	(10,750)	(6,827)	(57,436)
Intergovernmental	-	-	-	-
Forfeitures	-	-	108,359	-
Miscellaneous	-	-	1,318	-
Total Revenues	316,119	171,318	102,850	1,663,287
Expenditures				
General government	148,609	20,352	-	-
Public safety	-	26,917	84,659	-
Culture and recreation	117,614	72,580	-	-
Public works	-	-	-	95,567
Capital outlay:				
General government	-	3,775	-	-
Public safety	-	-	5,855	-
Culture and recreation	2,301	-	-	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	268,524	123,624	90,514	95,567
Excess (deficiency) of revenues over expenditures	47,595	47,694	12,336	1,567,720
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	-	-	-
Transfers in	1,221	-	-	820
Transfers out	-	(66,600)	-	(529,200)
Total Other Financing Sources (Uses)	1,221	(66,600)	-	(528,380)
Net change in fund balances before special item	48,816	(18,906)	12,336	1,039,340
Special item	-	-	-	-
Net change in fund balances	48,816	(18,906)	12,336	1,039,340
Fund Balances - Beginning of Year	912,254	749,811	453,470	3,006,891
Fund Balances - End of Year	$ 961,070	$ 730,905	$ 465,806	$ 4,046,231

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	Special Revenue			
	Crime Control District	Economic Development	Traffic Safety	Gas Development
Revenues				
Taxes	$ 6,692,367	$ -	$ -	$ -
Charges for services	-	-	-	-
Gas utility leases and royalties	-	-	-	1,134,010
Contributions	-	-	-	-
Special assessments	-	-	-	-
Investment income (loss)	(22,496)	(9,142)	(10,209)	(26,941)
Intergovernmental	504,433	-	-	-
Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	7,174,304	(9,142)	(10,209)	1,107,069
Expenditures				
General government	-	-	-	-
Public safety	5,608,199	-	25,902	-
Culture and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Public safety	173,752	-	7,822	-
Culture and recreation	-	-	-	-
Public works	-	-	-	40,671
Debt service:				
Principal retirement	3,135	-	-	-
Interest and fiscal charges	91	-	-	-
Total Expenditures	5,785,177	-	33,724	40,671
Excess (deficiency) of revenues over expenditures	1,389,127	(9,142)	(43,933)	1,066,398
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	-	-	-
Transfers in	36,217	165,242	-	-
Transfers out	(707,322)	-	-	-
Total Other Financing Sources (Uses)	(671,105)	165,242	-	-
Net change in fund balances before special item	718,022	156,100	(43,933)	1,066,398
Special item	-	-	-	-
Net change in fund balances	718,022	156,100	(43,933)	1,066,398
Fund Balances - Beginning of Year	1,947,425	469,303	744,959	1,022,670
Fund Balances - End of Year	$ 2,665,447	$ 625,403	$ 701,026	$ 2,089,068

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	Capital Projects			
	TIF #1 Capital Projects Fund	**TIF #2 Capital Projects Fund**	**TIF #3 Capital Projects Fund**	**City Point Development Project Fund**
Revenues				
Taxes	$ -	$ -	$ 14,250	$ -
Charges for services	-	-	-	-
Gas utility leases and royalties	-	-	-	-
Contributions	-	-	-	-
Special assessments	-	-	-	-
Investment income (loss)	1,283	47,053	-	3,034
Intergovernmental	-	-	-	-
Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	1,283	47,053	14,250	3,034
Expenditures				
General government	-	-	13,103	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Public works	-	-	-	3,656,030
Capital outlay:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	121	-	-	14,500
Total Expenditures	121	-	13,103	3,670,530
Excess (deficiency) of revenues over expenditures	1,162	47,053	1,147	(3,667,496)
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	-	-	-
Transfers in	121,252	7,962,835	-	81,700
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	121,252	7,962,835	-	81,700
Net change in fund balances before special item	122,414	8,009,888	1,147	(3,585,796)
Special item	(298,208)	(19,996,091)	-	-
Net change in fund balances	(175,794)	(11,986,203)	1,147	(3,585,796)
Fund Balances - Beginning of Year	175,794	11,986,203	13,104	4,019,357
Fund Balances - End of Year	$ -	$ -	$ 14,251	$ 433,561

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	Debt Service			
	TIF #2 Debt Service Fund	City Point Development Bond Fund	Sales Tax Revenue Bond	Total Non-major Governmental Funds
Revenues				
Taxes	$ 3,449,798	$ -	$ -	$ 10,485,380
Charges for services	-	-	-	1,720,723
Gas utility leases and royalties	-	-	-	1,134,010
Contributions	-	-	-	182,068
Special assessments	-	963,463	-	963,463
Investment income (loss)	11,075	5,411	-	(88,791)
Intergovernmental	-	-	-	504,433
Forfeitures	-	-	-	108,359
Miscellaneous	-	-	-	1,318
Total Revenues	3,460,873	968,874	-	15,010,963
Expenditures				
General government	-	-	-	182,064
Public safety	-	-	-	5,745,677
Culture and recreation	-	-	-	190,194
Public works	-	-	-	3,751,597
Capital outlay:				
General government	-	-	-	3,775
Public safety	-	-	-	187,429
Culture and recreation	-	-	-	2,301
Public works	-	-	-	40,671
Debt service:				
Principal retirement	9,460,000	3,325,000	-	12,788,135
Interest and fiscal charges	264,261	567,572	-	846,545
Total Expenditures	9,724,261	3,892,572	-	23,738,388
Excess (deficiency) of revenues over expenditures	(6,263,388)	(2,923,698)	-	(8,727,425)
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	2,845,165	-	2,845,165
Transfers in	-	-	-	8,369,287
Transfers out	(7,866,670)	(81,700)	-	(9,251,492)
Total Other Financing Sources (Uses)	(7,866,670)	2,763,465	-	1,962,960
Net change in fund balances before special item	(14,130,058)	(160,233)	-	(6,764,465)
Special item	-	-	-	(20,294,299)
Net change in fund balances	(14,130,058)	(160,233)	-	(27,058,764)
Fund Balances - Beginning of Year	14,130,058	974,227	1,369	40,606,895
Fund Balances - End of Year	$ -	$ 813,994	$ 1,369	$ 13,548,131

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL DEBT SERVICE FUND
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
Property taxes (including penalties & interest)	$ 11,541,403	$ 11,541,403	$ 11,541,403	$ -
Transfers in:				
Drainage utility	219,200	219,200	219,200	-
Parks & recreation facilities development corp.	452,505	452,505	452,505	-
Fleet services fund	191,575	243,300	243,300	-
Sub-total transfers in	863,280	915,005	915,005	-
Other:				
Interest income	6,000	6,000	19,619	13,619
City of Watauga, CIP participation	60,352	60,352	63,068	2,716
Appropriation of fund balance	768,963	-	-	-
Sub-total other	835,315	66,352	82,687	16,335
Total Revenues	13,239,998	12,522,760	12,539,095	16,335
Expenditures				
Existing bonds & co's	13,230,498	12,513,260	12,521,720	(8,460)
Issuance costs/paying agent fees	9,500	9,500	980	8,520
Total Expenditures	13,239,998	12,522,760	12,522,700	60
Net Increase (Decrease)	$ -	$ -	16,395	$ 16,395
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			(30,837)	
Net change in fund balance (deficit) - GAAP			$ (14,442)	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - PROMOTIONAL FUND
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Occupancy tax proceeds	$ 280,000	$ 280,000	$ 328,965	$ 48,965
Interest revenue	5,843	4,074	7,521	3,447
Appropriation of Fund Balance	1,221	2,221	1,221	(1,000)
Total Revenues	287,064	286,295	337,707	51,412
Expenditures				
Operating expenses:				
Economic development	131,154	131,243	124,781	6,462
Culture & leisure	143,555	144,555	142,476	2,079
Non-departmental	6,438	6,349	316	6,033
Sub-total operating expenses	281,147	282,147	267,573	14,574
Other & Reserves:				
Contribution to reserves	5,917	4,148	-	4,148
Total Expenditures	287,064	286,295	267,573	18,722
Net Increase (Decrease)	$ -	$ -	70,134	$ 70,134
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			(20,367)	
Miscellaneous			(951)	
Net change in fund balance (deficit) - GAAP			$ 48,816	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - DONATIONS FUND
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Donations:				
Parks & Recreation Program	$ 44,550	$ 44,550	$ 56,704	$ 12,154
Library Program	38,800	38,800	43,836	5,036
Neighborhood Services Program	55,610	58,652	75,816	17,164
Public Safety Program	8,800	8,800	3,650	(5,150)
Teen Court Program	4,000	4,000	2,063	(1,937)
Sub-total donations	151,760	154,802	182,069	27,267
Other:				
Interest revenue	9,076	3,949	6,144	2,195
Appropriation of Fund Balance:	97,719	97,729	1,223	(96,506)
Sub-total Other	106,795	101,678	7,367	(94,311)
Total Revenues	258,555	256,480	189,436	(67,044)
Expenditures				
Parks & Recreation programs	59,865	59,865	37,591	22,274
Library Programs	52,391	52,401	34,521	17,880
Neighborhood Services Programs	98,423	102,465	85,407	17,058
Public Safety Programs	34,800	35,300	26,917	8,383
Teen Court Program	4,000	4,000	-	4,000
Transfer Out	-	-	5,000	(5,000)
Total Expenditures	249,479	254,031	189,436	64,595
Net Increase (Decrease)	$ 9,076	$ 2,449	-	$ (2,449)
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			(16,894)	
Miscellaneous			(2,012)	
Net change in fund balance (deficit) - GAAP			$ (18,906)	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - SPECIAL INVESTIGATIONS FUND
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Forfeited funds:				
Federal	$ 50,000	$ 75,000	$ 98,750	$ 23,750
State	30,000	30,000	10,240	(19,760)
Local	1,000	1,000	688	(312)
Sub-total forfeited funds	81,000	106,000	109,678	3,678
AFIS reimbursements	14,500	14,500	-	(14,500)
Other income	-	2,400	-	(2,400)
Appropriations of fund balance	195,000	140,838	-	(140,838)
Total Revenues	290,500	263,738	109,678	(154,060)
Expenditures				
Federal forfeited funds	150,000	150,000	41,103	108,897
State forfeited funds	105,000	85,000	35,323	49,677
Local forfeited funds	1,000	1,000	-	1,000
AFIS maintenance & equipment	14,500	15,738	14,089	1,649
LEOSE contributions	20,000	12,000	-	12,000
Total Expenditures	290,500	263,738	90,515	173,223
Net Increase (Decrease)	$ -	$ -	19,163	$ 19,163
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			(6,827)	
Net change in fund balance (deficit) - GAAP			$ 12,336	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - DRAINAGE UTILITY FUND
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Drainage fees	$ 1,684,000	$ 1,684,000	$ 1,720,723	$ 36,723
Interest income	6,241	15,478	30,787	15,309
Appropriation of Fund Balance / Transfers In	820	820	820	-
Total Revenues	1,691,061	1,700,298	1,752,330	52,032
Expenditures				
Debt service	219,200	219,200	219,200	-
Other expenditures	159,550	159,550	94,179	65,371
Transfers to Capital	310,000	310,000	310,000	-
Contribution to Reserves	1,002,311	1,011,548	-	1,011,548
Total Expenditures	1,691,061	1,700,298	623,379	1,076,919
Net Increase (decrease)	$ -	$ -	1,128,951	$ 1,128,951
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			(88,222)	
Transfers in/out			820	
Miscellaneous			(2,209)	
Net change in fund balance (deficit) - GAAP			$ 1,039,340	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - CRIME CONTROL DISTRICT
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Sales tax	$ 5,603,676	$ 6,128,288	$ 6,570,113	$ 441,825
Franchise tax	96,127	122,254	122,254	-
Interest income	5,710	3,299	20,718	17,419
SRO Reimbursement (BISD)	327,419	327,419	327,419	-
Miscellaneous revenue	205,345	205,345	213,231	7,886
Appropriation of Fund Balance / Transfers In	-	180,966	-	(180,966)
Total Revenues	6,238,277	6,967,571	7,253,735	286,164
Expenditures				
Operating:				
Administration	17,147	15,402	15,013	389
Administrative services	1,094,707	1,314,713	1,064,393	250,320
Investigations / Victim Assistance Program	613,278	615,851	551,207	64,644
Uniform patrol	3,338,019	3,367,970	3,294,107	73,863
Technical services	557,147	553,646	543,446	10,200
Property Evidence	163,064	151,206	118,970	32,236
Sub-total operating	5,783,362	6,018,787	5,587,136	431,651
Other & reserves:				
Partner agency funding	46,770	37,017	37,001	16
Other	132,395	127,607	127,153	454
Indirect costs	43,750	43,750	33,890	9,860
Reserves	232,000	740,410	672,925	67,485
Sub-total other & reserves	454,915	948,784	870,969	77,815
Total Expenditures	6,238,277	6,967,571	6,458,105	509,466
Net Increase (Decrease)	$ -	$ -	795,630	$ 795,630
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			(43,214)	
Miscellaneous			(34,394)	
Net change in fund balance (deficit) - GAAP			$ 718,022	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - TRAFFIC SAFETY FUND
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Interest income	$ 8,366	$ 3,485	$ 6,183	$ 2,698
Appropriation of fund balance	120,738	130,474	27,540	(102,934)
Total Revenues	129,104	133,959	33,723	(100,236)
Expenditures				
Traffic Enforcement	92,545	92,545	-	92,545
Pedestrian Safety	36,559	41,414	33,723	7,691
Total Expenditures	129,104	133,959	33,723	100,236
Net Increase (Decrease)	$ -	$ -	-	$ -
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			(16,393)	
Appropriations of fund balance			(27,540)	
Net change in fund balance (deficit) - GAAP			$ (43,933)	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - GAS DEVELOPMENT FUND
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
General fund purposes	$ 470,000	$ 705,973	$ 1,134,010	$ 428,037
Interest income	3,453	5,592	14,351	8,759
Total Revenues	473,453	711,565	1,148,361	436,796
Expenditures				
Operating				
Transfer to capital projects	-	41,000	40,671	329
Sub-total operating	-	41,000	40,671	329
Other & Reserves:				
Contribution to Reserves	473,453	670,565	-	670,565
Sub-total other & reserves	473,453	670,565	-	670,565
Total Expenditures	473,453	711,565	40,671	670,894
Net Increase (Decrease)	$ -	$ -	1,107,690	$ 1,107,690
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			(41,292)	
Net change in fund balance (deficit) - GAAP			$ 1,066,398	

NRH$_2$O Family Water Park is North Texas' favorite family water park, conveniently located between Dallas and Fort Worth. The park features 8 water slides, a kiddie area, a large wave pool, a large lagoon-like play area, a lazy river and is open from May through September. Since NRH$_2$O opened in 1995, it has consistently ranked amongst the top water parks in the nation

PROPRIETARY FUNDS

ENTERPRISE FUNDS

Utility Fund – To account for the distribution of water, transportation of wastewater, and solid waste removal services provided to the residents of the City. All activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, financing and debt service, and billing and collections. All activities of the fund are supported by the customers of the utility.

Aquatic Park Fund - To account for the operation of NRH2O, the City's public water park. All activities necessary to operate the park are accounted for in the fund, including, but not limited to, administration, park operations, park maintenance, and financing and debt service. All activities of the fund are supported by the patrons of the water park.

Golf Course Fund – To account for the operations of Iron Horse Golf Course, the City's public golf course. All activities necessary to operate the course are accounted for in the fund, including, but not limited to, administration, operations, course maintenance, and financing and debt service. The Golf Course in the only non-major proprietary fund. All activities of the fund are supported by the patrons of the golf course.

INTERNAL SERVICE FUNDS

Facility and Construction Services Fund – To account for building maintenance and repair services provided to numerous departments located at various sites throughout the City. Facility and Construction Services Fund operations are financed by charges to user departments.

Fleet Services Fund – To account for the maintenance, repair service, and replacement of vehicles and equipment provided to numerous departments responsible for the operation of City vehicles and equipment. Fleet Services Fund operations are financed by charges to user departments.

Self-Insurance Fund – To account for the payment of substantially all claims except for fire insurance coverage and employee life insurance coverage. Self-Insurance Fund operations are financed by charges to user departments and employee contributions.

Information Technology Fund – To account for the acquisition, maintenance, and support of computer and telephone hardware and software. Information Technology Fund operations are financed by charges to user departments.

NRH

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

September 30, 2022

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Total Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	$ 1,200,536	$ 1,840,656	$ 8,061,314	$ 872,031	$ 11,974,537
Investments	1,272,352	2,047,525	11,002,104	946,244	15,268,225
Accounts receivable, net of allowances:					
Other	-	-	114,552	6,036	120,588
Interest receivable	254	409	2,199	189	3,051
Lease receivable	-	-	-	44,798	44,798
Prepaid items	-	-	309,400	223,632	533,032
Inventories, at cost	40,591	187,161	-	-	227,752
Total current assets	2,513,733	4,075,751	19,489,569	2,092,930	28,171,983
Noncurrent assets:					
Cash and cash equivalents	-	90,947	2,491,218	17,049	2,599,214
Interfund loan receivable	-	-	500,000	-	500,000
Capital assets, net:					
Buildings and improvements	53,976	-	-	-	53,976
Other improvements	-	-	-	602,769	602,769
Machinery and equipment	842,051	8,005,264	13,312	4,408,227	13,268,854
Right to use leased equipment	3,476	3,670	4,029	2,507	13,682
Accumulated depreciation	(410,541)	(5,923,461)	(14,436)	(2,439,831)	(8,788,269)
Net capital assets	488,962	2,085,473	2,905	2,573,672	5,151,012
Total noncurrent assets	488,962	2,176,420	2,994,123	2,590,721	8,250,226
Total Assets	3,002,695	6,252,171	22,483,692	4,683,651	36,422,209
Deferred Outflows of Resources					
Deferred outflows - OPEB	133,646	142,587	81,223	192,521	549,977
Deferred outflows - Pension	120,491	136,397	76,925	157,141	490,954
Total Deferred Outflows of Resources	254,137	278,984	158,148	349,662	1,040,931
Liabilities					
Current liabilities:					
Accounts payable and accrued expenses	101,673	97,534	43,696	101,644	344,547
Other current liabilities	277	44	945,303	193	945,817
Compensated absences	9,787	31,418	9,307	12,947	63,459
Total current liabilities	111,737	128,996	998,306	114,784	1,353,823
Noncurrent liabilities:					
Leases payable	2,517	2,657	2,918	1,816	9,908
Compensated absences	54,894	39,624	69,517	141,096	305,131
Net OPEB liability	583,193	639,070	317,927	768,567	2,308,757
Net pension liability	176,445	153,036	104,319	104,457	538,257
Total noncurrent liabilities	817,049	834,387	494,681	1,015,936	3,162,053
Total Liabilities	928,786	963,383	1,492,987	1,130,720	4,515,876
Deferred Inflows of Resources					
Deferred inflows - OPEB	302,710	282,341	181,709	436,914	1,203,674
Deferred inflows - pension	240,838	371,784	156,169	438,822	1,207,613
Deferred inflows - leases	-	-	-	44,798	44,798
Total Deferred Inflows of Resources	543,548	654,125	337,878	920,534	2,456,085
Net Position					
Investment in capital assets	486,445	2,082,816	-	2,571,856	5,141,117
Unrestricted (deficit)	1,298,053	2,830,831	20,810,975	410,203	25,350,062
Total Net Position	$ 1,784,498	$ 4,913,647	$ 20,810,975	$ 2,982,059	$ 30,491,179

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - INTERNAL SERVICE FUNDS

For the Year Ended September 30, 2022

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Total Internal Service Funds
Operating Revenues					
Internal service revenues:					
Risk management	$ -	$ -	$ 15,110,687	$ -	$ 15,110,687
Facilities and fleet management	2,910,120	4,012,486	-	-	6,922,606
Information systems management	-	-	-	3,610,032	3,610,032
Miscellaneous revenues	21,052	-	237,048	205,880	463,980
Total Operating Revenues	2,931,172	4,012,486	15,347,735	3,815,912	26,107,305
Operating Expenses					
Claims	-	-	9,455,772	34,383	9,490,155
Contractual services	1,263,939	123,096	503,223	510,987	2,401,245
Personnel services	998,903	1,027,714	616,007	1,450,577	4,093,201
Repairs and maintenance	168,380	16,950	-	61,441	246,771
Supplies	73,129	1,167,370	4,598	93,330	1,338,427
Depreciation	12,628	232,554	1,124	33,651	279,957
Total Operating Expenses	2,516,979	2,567,684	10,580,724	2,184,369	17,849,756
Operating income (loss)	414,193	1,444,802	4,767,011	1,631,543	8,257,549
Nonoperating Revenues (Expenses)					
Investment income (loss)	(31,631)	(56,654)	(313,432)	(26,513)	(428,230)
Other income	-	1	14,228	-	14,229
Gain (loss) on disposal of assets	127	82,389	-	8,072	90,588
Interest expense	(28)	(29)	(32)	(20)	(109)
Total Nonoperating Revenues (Expenses)	(31,532)	25,707	(299,236)	(18,461)	(323,522)
Income (loss) before transfers	382,661	1,470,509	4,467,775	1,613,082	7,934,027
Transfers					
Transfers in	6,255	7,240	3,634	481,759	498,888
Transfers out	(1,005,910)	(824,852)	-	-	(1,830,762)
Total Transfers	(999,655)	(817,612)	3,634	481,759	(1,331,874)
Change in net position	(616,994)	652,897	4,471,409	2,094,841	6,602,153
Net Position - Beginning of Year	2,401,492	4,260,750	16,339,566	887,218	23,889,026
Net Position - End of Year	$ 1,784,498	$ 4,913,647	$ 20,810,975	$ 2,982,059	$ 30,491,179

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS

For the Year Ended September 30, 2022

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Total Internal Service Funds
Cash flows from operating activities:					
Receipts from interfund services provided	$ 2,921,463	$ 3,983,901	$ 15,036,687	$ 3,613,155	$ 25,555,206
Other operating revenue	21,052	-	237,048	205,880	463,980
Payments to suppliers	(1,606,649)	(1,227,060)	(10,225,018)	(710,475)	(13,769,202)
Payments to employees	(1,003,311)	(1,027,244)	(630,710)	(1,454,584)	(4,115,849)
Net cash provided by (used for) operating activities	332,555	1,729,597	4,418,007	1,653,976	8,134,135
Cash flows from noncapital financing activities:					
Transfers from other funds	6,255	7,240	3,634	481,759	498,888
Transfers to other funds	(1,005,910)	(824,852)	-	-	(1,830,762)
Net cash provided by (used for) noncapital financing activities	(999,655)	(817,612)	3,634	481,759	(1,331,874)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(455,583)	(532,131)	-	(2,112,482)	(3,100,196)
Insurance recovery proceeds	-	1	14,228	-	14,229
Principal paid on leases	(959)	(1,013)	(1,111)	(691)	(3,774)
Interest paid on leases	(28)	(29)	(32)	(20)	(109)
Net cash provided by (used for) capital and related financing activities	(456,570)	(533,172)	13,085	(2,113,193)	(3,089,850)
Cash flows from investing activities:					
Sale (purchase) of investments	331,814	(431,982)	(3,396,538)	(144,161)	(3,640,867)
Interest and dividends received	(31,725)	(56,901)	(314,871)	(26,622)	(430,119)
Net cash provided by (used for) investing activities	300,089	(488,883)	(3,711,409)	(170,783)	(4,070,986)
Net increase (decrease) in cash and cash equivalents	(823,581)	(110,070)	723,317	(148,241)	(358,575)
Cash and cash equivalents, beginning of year	2,024,117	2,041,673	9,829,215	1,037,321	14,932,326
Cash and cash equivalents, end of year	$ 1,200,536	$ 1,931,603	$ 10,552,532	$ 889,080	$ 14,573,751
Reconciliation of Cash and Cash Equivalents to Combining Statement of Net Position - Internal Service Funds					
Cash and cash equivalents - current	$ 1,200,536	$ 1,840,656	$ 8,061,314	$ 872,031	$ 11,974,537
Cash and cash equivalents - noncurrent	-	90,947	2,491,218	17,049	2,599,214
Total cash and cash equivalents	$ 1,200,536	$ 1,931,603	$ 10,552,532	$ 889,080	$ 14,573,751
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	$ 414,193	$ 1,444,802	$ 4,767,011	$ 1,631,543	$ 8,257,549
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation/amortization expense	12,628	232,554	1,124	33,651	279,957
(Increase) decrease in accounts receivable	883	-	(74,000)	3,123	(69,994)
(Increase) decrease in prepaid items	9,997	-	(30,715)	(63,454)	(84,172)
(Increase) decrease in inventories	11,660	(28,585)	-	-	(16,925)
Increase (decrease) in accounts payable	(99,156)	91,860	5,533	70,478	68,715
Increase (decrease) in other current liabilities	(12,042)	(11,504)	(236,243)	(17,358)	(277,147)
Increase (decrease) in compensated absences	7,526	14,603	(6,917)	14,023	29,235
Increase (decrease) in unearned revenues	(1,200)	-	-	-	(1,200)
Increase (decrease) in net pension/OPEB liabilities and related deferred inflows/outflows	(11,934)	(14,133)	(7,786)	(18,030)	(51,883)
Total adjustments	(81,638)	284,795	(349,004)	22,433	(123,414)
Net cash provided by (used for) operating activities	$ 332,555	$ 1,729,597	$ 4,418,007	$ 1,653,976	$ 8,134,135

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - UTILITY FUND
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Water sales & charges				
Water charges	$ 25,322,450	$ 26,050,568	$ 28,416,671	$ 2,366,103
Water taps	44,200	44,200	52,345	8,145
Water inspection fees	24,000	24,000	22,707	(1,293)
Sub-total	25,390,650	26,118,768	28,491,723	2,372,955
Sewer sales & charges				
Sewer charges	13,172,120	13,447,950	13,234,099	(213,851)
Sewer taps	12,600	12,600	13,400	800
Sewer inspection fees	24,000	24,000	10,591	(13,409)
Sub-total	13,208,720	13,484,550	13,258,090	(226,460)
Miscellaneous				
Interest income	107,568	65,779	141,334	75,555
Service charges	144,500	144,500	124,772	(19,728)
Late charges	420,000	420,000	512,354	92,354
Miscellaneous	74,928	74,928	130,304	55,376
Solid waste admin fee	-	-	587,486	587,486
Joint use reimbursement - Watauga	57,132	57,132	58,453	1,321
Subdivision meter revenue	57,825	52,545	58,476	5,931
Sub-total	861,953	814,884	1,613,179	798,295
Appropriation of fund balance				
Previous year encumbrances	-	149,637	-	(149,637)
Sub-total	-	149,637	-	(149,637)
Total Revenues	39,461,323	40,567,839	43,362,992	2,795,153
Expenses				
Operating				
Administration	375,600	375,954	396,375	(20,421)
Development	1,014,666	1,015,322	993,224	22,098
Right of way maintenance	354,107	362,644	293,010	69,634
Sub-total	1,744,373	1,753,920	1,682,609	71,311
Water services				
Water operations	4,840,524	4,870,279	4,312,789	557,490
Purchase of water FTW	4,291,978	4,291,978	4,106,834	185,144
Purchase of water TRA	7,094,606	7,094,606	7,677,095	(582,489)
Sub-total	16,227,108	16,256,863	16,096,718	160,145
Sewer services				
Sewer operations	1,549,104	1,530,376	1,443,863	86,513
Sewer treatment FTW	1,578,734	1,578,734	913,219	665,515
Sewer treatment TRA	5,216,504	5,216,504	5,154,153	62,351
Sub-total	8,344,342	8,325,614	7,511,235	814,379

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - UTILITY FUND
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Budgetary Basis	Variance with Final Budget Positive (Negative)
Expenses (continued)				
Finance/Utility Collections:				
Meter reading	$ 580,432	$ 576,909	$ 560,341	$ 16,568
Utility billing / customer service	1,092,070	1,096,480	1,116,392	(19,912)
Utility collection services	264,329	264,329	261,188	3,141
Accounting services	467,548	468,214	456,860	11,354
Budget & research	250,188	250,277	228,515	21,762
Sub-total	2,654,567	2,656,209	2,623,296	32,913
Utility construction crew & support	1,315,550	1,315,592	1,133,617	181,975
Building services	1,822,929	1,822,929	1,822,929	-
Non-department	333,428	1,920,187	304,141	1,616,046
Sub-total	3,471,907	5,058,708	3,260,687	1,798,021
Sub-total Departments	32,442,297	34,051,314	31,174,545	2,876,769
Other & Reserves				
Debt service	1,659,215	1,659,215	1,511,963	147,252
Solid waste admin fee	-	-	587,486	(587,486)
Franchise fees	1,156,068	1,156,068	1,233,378	(77,310)
Indirect costs	2,182,170	2,182,170	2,182,170	-
Payment in lieu of taxes	405,242	405,242	405,242	-
Information services fund	175,000	175,000	175,000	-
Reserve for capital	665,000	793,620	778,620	15,000
Reserve for Utility	776,331	145,210	-	145,210
Total other & reserves	7,019,026	6,516,525	6,873,859	(357,334)
Total Expenses	39,461,323	40,567,839	38,048,404	2,519,435
Net Increase (Decrease)	$ -	$ -	5,314,588	$ 5,314,588

Reconciliation between budgetary basis actual and GAAP	
Increase (decrease) in fair value of investments	(403,756)
Accruals due to receivables and revenues	1,819,539
Capital outlay	1,151,148
Debt service payments	1,175,000
Depreciation expense	(4,096,562)
Pension, OPEB, and compensated absences	76,177
Net change in net position (deficit) - GAAP	$ 5,036,134

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - AQUATIC PARK
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Operating:				
Admissions	$ 3,096,162	$ 3,316,162	$ 3,813,034	$ 496,872
Food and beverage	806,437	936,409	1,084,215	147,806
Merchandise	142,583	169,187	235,604	66,417
Rentals	171,100	171,100	175,268	4,168
Sub-total	4,216,282	4,592,858	5,308,121	715,263
Other revenues:				
Interest income	-	13,800	13,762	(38)
Project expense reimbursements	-	-	-	-
Other	65,192	65,192	51,258	(13,934)
Sub-total	65,192	78,992	65,020	(13,972)
Total Revenues	4,281,474	4,671,850	5,373,141	701,291
Expenses				
Operating:				
General services & utilities	744,050	813,937	800,920	13,017
Public grounds, aquatics, and maintenance	1,166,365	1,363,637	1,251,892	111,745
Business & office admin.	420,697	361,432	343,866	17,566
Gift shop & concessions	602,043	783,999	750,472	33,527
Sales, special events, and admissions	274,660	321,009	303,859	17,150
Sub-total	3,207,815	3,644,014	3,451,009	193,005
Other and Reserves:				
Debt service	-	717,238	711,541	5,697
Bond Refunding, Agent Fees	1,050	1,050	969	81
Non-department	90,099	88,325	64,369	23,956
Transfer to Capital Projects	100,000	100,000	100,000	-
Reserve for:				
Infrastructure & major repairs	882,510	121,223	-	121,223
Total Other & reserves	1,073,659	1,027,836	876,879	150,957
Total Expenses	4,281,474	4,671,850	4,327,888	343,962
Net Increase (Decrease)	$ -	$ -	1,045,253	$ 1,045,253
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			(53,221)	
Capital outlay			77,600	
Debt service payments			550,000	
Depreciation expense			(936,915)	
Pension, OPEB, and compensated absences			12,865	
Transfers in/out			5,192	
Miscellaneous			146,750	
Net change in net position (deficit) - GAAP			$ 847,524	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - GOLF
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Green fees	$ 1,210,000	$ 1,719,940	$ 1,607,624	$ (112,316)
Pro shop	447,500	266,275	357,489	91,214
Driving range	80,000	289,588	141,985	(147,603)
Carts	428,500	306,169	352,918	46,749
Food & beverage	640,000	573,748	652,185	78,437
Other revenue	37,572	17,750	12,865	(4,885)
Appropriation of fund balance	-	51,502	-	(51,502)
Total Revenues	2,843,572	3,224,972	3,125,066	(99,906)
Expenses				
Operating				
Pro shop	203,620	197,669	168,004	29,665
Pro shop: cost of goods sold	153,000	162,544	174,197	(11,653)
Driving range	22,750	31,633	9,316	22,317
Golf carts	220,204	284,941	299,341	(14,400)
Course maintenance	581,725	829,884	742,411	87,473
Food & beverage	305,380	315,221	259,470	55,751
Food & beverage: cost of goods sold	179,200	179,188	215,771	(36,583)
Sales & membership	79,600	69,662	68,037	1,625
General & administrative	307,270	463,135	609,047	(145,912)
Club house	89,910	-	886	(886)
Management fees	154,920	205,317	191,940	13,377
Capital	202,256	94,586	51,502	43,084
Sub-total	2,499,835	2,833,780	2,789,922	43,858
Other and Reserves				
Debt service	321,940	321,940	321,153	787
Capital Construction / CIP	21,797	69,252	-	69,252
Total Other & reserves	343,737	391,192	321,153	70,039
Total Expenses	2,843,572	3,224,972	3,111,075	113,897
Net Increase (Decrease)	$ -	$ -	13,991	$ 13,991
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			624	
Debt service payments			220,000	
Depreciation expense			(350,444)	
Miscellaneous			395,178	
Net change in net position (deficit) - GAAP			$ 279,349	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - FACILITIES AND CONSTRUCTION
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for service				
Transfer from:				
General fund	$ 812,101	$ 812,101	$ 812,101	$ -
Park development fund	275,090	275,090	275,090	-
Utility fund	1,822,929	1,822,929	1,822,929	-
Sub-total	2,910,120	2,910,120	2,910,120	-
Other revenues				
Interest income	21,248	17,098	26,860	9,762
Rent from rental properties	39,600	39,600	22,860	(16,740)
Other income	6,255	6,256	4,574	(1,682)
Project expense reimbursements	-	-	-	-
Sub-total	67,103	62,954	54,294	(8,660)
Sub-total revenues	2,977,223	2,973,074	2,964,414	(8,660)
Appropriation of fund balance:				
Building services fund reserves	76,095	233,893	162	(233,731)
Total Revenues	3,053,318	3,206,967	2,964,576	(242,391)
Expenses				
Operating:				
Administration	247,722	249,576	256,799	(7,223)
Building services	2,715,817	2,868,676	2,642,028	226,648
Rental property program	36,120	36,120	34,003	2,117
Sub-total	2,999,659	3,154,372	2,932,830	221,542
Other and Reserves:				
Non-Departmental	53,659	52,595	31,746	20,849
Total Other & reserves	53,659	52,595	31,746	20,849
Total Expenses	3,053,318	3,206,967	2,964,576	242,391
Net Increase (Decrease)	$ -	$ -	-	$ -
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			(58,491)	
Capital outlay			455,710	
Depreciation expense			(12,628)	
Pension, OPEB, and compensated absences			11,934	
Transfers in/out			(999,655)	
Miscellaneous			(13,864)	
Net change in net position (deficit) - GAAP			$ (616,994)	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - FLEET SERVICES
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for service:				
Transfer from :				
General fund	$ 1,389,677	$ 1,389,677	$ 1,389,677	$ -
Utility fund	2,256,325	2,256,325	2,256,325	-
Crime control district	170,426	170,426	170,426	-
Park & recreation development	171,939	171,939	171,939	-
Other funds	24,119	24,119	24,119	-
Sub-total	4,012,486	4,012,486	4,012,486	-
Other revenues:				
Investment income	30,942	19,624	34,817	15,193
Sale of city property	20,000	20,000	68,439	48,439
Other income	7,240	7,240	7,241	1
Sub-total	58,182	46,864	110,497	63,633
Sub-total revenues	4,070,668	4,059,350	4,122,983	63,633
Appropriation of fund balance:				
Equipment services fund reserves	-	1,288,099	-	(1,288,099)
Total Revenues	4,070,668	5,347,449	4,122,983	(1,224,466)
Expenses				
General services	297,188	295,141	300,538	(5,397)
Equipment services operations	1,727,206	1,908,451	1,837,440	71,011
Fire fleet maintenance	345,626	357,803	360,864	(3,061)
Equipment purchases	609,549	1,049,577	105,592	943,985
Police vehicles / equipment	173,710	859,627	310,792	548,835
Sub-total	3,153,279	4,470,599	2,915,226	1,555,373
Other and Reserves:				
Debt service	773,127	824,852	824,852	-
Other	53,062	51,998	21,047	30,951
Equipment services reserve	91,200	-	-	-
Total Other & reserves	917,389	876,850	845,899	30,951
Total Expenses	4,070,668	5,347,449	3,761,125	1,586,324
Net Increase (Decrease)	$ -	$ -	361,858	$ 361,858
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			(91,471)	
Capital outlay			617,520	
Depreciation expense			(232,554)	
Pension, OPEB, and compensated absences			14,133	
Miscellaneous			(16,589)	
Net change in net position (deficit) - GAAP			$ 652,897	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - SELF INSURANCE FUND
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Allocations				
Health / medical	$ 13,012,122	$ 12,952,582	$ 12,881,264	$ (71,318)
Worker's compensation	1,110,634	1,119,864	1,119,127	(737)
Other insurance	1,090,304	1,090,304	1,057,369	(32,935)
Sub-total	15,213,060	15,162,750	15,057,760	(104,990)
Other revenues				
Interest income	130,164	90,694	175,391	84,697
Other income	3,634	34,634	34,582	(52)
Expenditure reimbursement	400,000	400,000	382,572	(17,428)
Sub-total	533,798	525,328	592,545	67,217
Sub-total revenues	15,746,858	15,688,078	15,650,305	(37,773)
Self insurance fund reserves	100,000	287,053	-	(287,053)
Total Revenues	15,846,858	15,975,131	15,650,305	(324,826)
Expenses				
Health / medical	12,652,917	9,786,938	8,499,157	1,287,781
Worker's compensation	595,000	611,174	117,303	493,871
Personnel expenses	536,276	646,797	647,500	(703)
Other insurance	944,303	944,330	1,063,500	(119,170)
Other expenses	146,000	173,000	198,706	(25,706)
Sub-total	14,874,496	12,162,239	10,526,166	1,636,073
Other and Reserves	972,362	3,812,892	100,000	3,712,892
Total Expenses	15,846,858	15,975,131	10,626,166	5,348,965
Net Increase (Decrease)	$ -	$ -	5,024,139	$ 5,024,139
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			(488,823)	
Depreciation expense			(1,124)	
Pension, OPEB, and compensated absences			7,786	
Miscellaneous			(70,569)	
Net change in net position (deficit) - GAAP			$ 4,471,409	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - INFORMATION TECHNOLOGY
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services:				
General fund	$ 1,680,445	$ 1,680,445	$ 1,623,149	$ (57,296)
Park fund	228,161	228,161	228,161	-
Crime control district	320,693	320,693	320,693	-
Utility fund	1,218,245	1,218,245	1,218,245	-
Other funds	394,784	394,784	394,784	-
Sub-total	3,842,328	3,842,328	3,785,032	(57,296)
Other revenues:				
Interest income	18,592	8,500	15,929	7,429
Transmitter lease	175,000	175,000	205,877	30,877
Other income	10,204	15,354	28,484	13,130
Transfer from general fund	148,613	296,555	296,555	-
Sub-total	352,409	495,409	546,845	51,436
Sub-total revenues	4,194,737	4,337,737	4,331,877	(5,860)
Appropriation of fund balance	-	327,038	14,489	
Total Revenues	4,194,737	4,664,775	4,346,366	(5,860)
Expenses				
General services	233,848	392,948	428,331	(35,383)
Major computer systems	566,547	557,201	518,677	38,524
Microcomputer systems	910,697	1,008,483	1,004,668	3,815
Telecommunications	361,195	379,365	317,173	62,192
Data network	1,117,151	1,298,827	1,207,463	91,364
Gis system	184,487	209,737	224,698	(14,961)
Public safety	744,081	762,388	632,276	130,112
Sub-total	4,118,006	4,608,949	4,333,286	275,663
Other and Reserves:				
Other, Non-Departmental	58,310	55,826	13,080	42,746
Reserve for system improvements	18,421	-	-	-
Total Other & reserves	76,731	55,826	13,080	42,746
Total Expenses	4,194,737	4,664,775	4,346,366	318,409
Net Increase (Decrease)	$ -	$ -	-	$ 312,549

Reconciliation between budgetary basis actual and GAAP	
Increase (decrease) in fair value of investments	(42,442)
Capital outlay	2,120,554
Depreciation expense	(33,651)
Pension, OPEB, and compensated absences	18,030
Miscellaneous	32,350
Net change in net position (deficit) - GAAP	$ 2,094,841

NRH

Statistical Section

The NRH water and sewer utility provides services to over 21,000 residential and business customers. The water provided by the city consistently meets or exceeds all state and federal drinking water requirements. The City of North Richland Hills purchases its drinking water, as well as sewer treatment services, from the City of Fort Worth and the Trinity River Authority as a wholesale customer. The Public Works Department Utility Division is responsible for maintenance of the city's water and sewer infrastructure.

Statistical Section

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

CITY OF NORTH RICHLAND HILLS, TEXAS

Table 1

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Amounts in (000's)

(Accrual Basis of Accounting)

	2022	2021	2020	2019	2018
Governmental Activities					
Net investment in capital assets	$ 251,882,289	$ 233,115,972	$ 230,108,507	$ 221,090,589	$ 214,081,749
Restricted	14,550,865	26,927,746	23,228,613	20,825,594	16,138,949
Unrestricted	32,823,612	13,518,604	2,516,543	1,428,088	(4,852,295)
Total Governmental Activities Net Position	$ 299,256,766	$ 273,562,322	$ 255,853,663	$ 243,344,271	$ 225,368,403
Business-type Activities					
Net investment in capital assets	$ 64,812,681	$ 65,153,537	$ 71,094,790	$ 73,399,637	$ 74,787,942
Restricted	5,320,387	4,204,406	6,188,722	5,119,704	4,260,462
Unrestricted	32,657,981	24,110,383	12,239,489	8,872,010	8,737,576
Total Business-Type Activities Net Position	$ 102,791,049	$ 93,468,326	$ 89,523,001	$ 87,391,351	$ 87,785,980
Primary Government					
Net investment in capital assets	$ 316,694,970	$ 298,269,509	$ 321,959,116	$ 294,490,226	$ 288,869,691
Restricted	19,871,252	31,132,152	29,417,335	25,945,298	20,399,411
Unrestricted	65,481,593	37,628,987	(5,999,787)	10,300,098	3,885,281
Total Primary Government Net Position	$ 402,047,815	$ 367,030,648	$ 345,376,664	$ 330,735,622	$ 313,154,383

CITY OF NORTH RICHLAND HILLS, TEXAS

NET POSITION BY COMPONENT
Last Ten Fiscal Years
Amounts in (000's)
(Accrual Basis of Accounting)

	2017	2016	2015	2014	2013
Governmental Activities					
Net investment in capital assets	$ 208,508,926	$ 199,625,197	$ 196,388,094	$ 196,926,762	$ 205,397,867
Restricted	11,257,910	4,005,996	3,451,280	4,115,704	4,634,803
Unrestricted	15,716,225	28,160,118	30,601,993	39,299,589	26,228,262
Total Governmental Activities Net Position	$ 235,483,061	$ 231,791,311	$ 230,441,367	$ 240,342,055	$ 236,260,932
Business-type Activities					
Net investment in capital assets	$ 52,999,815	$ 54,387,271	$ 57,335,778	$ 58,375,965	$ 62,044,064
Restricted	3,764,244	3,507,899	4,153,891	3,788,127	3,762,460
Unrestricted	9,421,299	13,365,978	17,209,164	22,414,369	20,753,387
Total Business-Type Activities Net Position	$ 66,185,358	$ 71,261,148	$ 78,698,833	$ 84,578,461	$ 86,559,911
Primary Government					
Net investment in capital assets	$ 261,508,741	$ 254,012,468	$ 253,723,872	$ 255,302,727	$ 267,441,931
Restricted	15,022,154	7,513,895	7,605,171	7,903,831	8,397,263
Unrestricted	25,137,524	41,526,096	47,811,157	61,713,958	46,981,649
Total Primary Government Net Position	$ 301,668,419	$ 303,052,459	$ 309,140,200	$ 324,920,516	$ 322,820,843

CITY OF NORTH RICHLAND HILLS, TEXAS

CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2022	2021	2020	2019	2018
Expenses					
Governmental Activities:					
General government	$ 14,110,928	$ 16,217,730	$ 18,402,693	$ 14,795,971	$ 7,726,396
Public safety	29,248,967	31,352,267	30,185,432	34,641,711	10,115,202
Culture and recreation	9,595,172	11,744,572	12,150,887	12,988,181	7,985,984
Public works	10,137,484	10,915,178	7,988,277	8,100,775	10,465,375
Interest and other fees	4,011,988	3,681,268	4,873,291	3,452,789	3,562,127
Total Governmental Activities Expenses	67,104,539	73,911,015	73,600,580	73,979,427	39,855,084
Business-Type Activities:					
Utility	35,405,018	34,126,398	35,405,045	33,543,900	32,041,219
Aquatic park	4,472,396	4,155,497	3,215,995	4,556,251	4,044,801
Golf course	3,062,987	2,812,045	2,136,067	2,521,179	2,562,080
Total Business-type Activities Expenses	42,940,401	41,093,940	40,757,107	40,621,330	38,648,100
Total Primary Government Expenses	$ 110,044,940	$ 115,004,955	$ 114,357,687	$ 114,600,757	$ 78,503,184
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	$ 6,126,357	$ 5,805,195	$ 5,099,784	$ 5,311,802	$ 4,835,477
Public safety	2,467,199	2,791,638	1,747,559	3,122,234	2,757,133
Culture and recreation	4,222,470	3,415,077	2,572,335	4,179,364	3,487,459
Public works	1,884,173	2,013,671	1,873,331	1,206,002	1,100,243
Operating grants and contributions	13,154,097	9,531,551	9,705,738	8,356,606	7,086,384
Capital grants and contributions	455,039	244,322	553,335	787,186	225,013
Total Governmental Activities Program Revenues	28,309,335	23,801,454	21,552,082	22,963,194	19,491,709
Business-Type Activities					
Charges for services:					
Utility	44,216,547	39,307,284	38,934,995	34,803,804	37,145,864
Aquatic park	5,308,121	4,598,425	287,217	4,072,406	3,759,312
Golf course	3,112,201	2,947,593	1,032,999	2,560,903	2,361,058
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total Business-type Activities Program Revenues	52,636,869	46,853,302	40,255,211	41,437,113	43,266,234
Total Primary Government Program Revenues	$ 80,946,204	$ 70,654,756	$ 61,807,293	$ 64,400,307	$ 62,757,943
Net (Expense) Revenue					
Governmental activities	$ (38,795,204)	$ (50,109,561)	$ (52,048,498)	$ (51,016,233)	$ (20,363,375)
Business-type activities	9,696,468	5,759,362	(501,896)	815,783	4,618,134
Total Primary Government Net Expense	$ (29,098,736)	$ (44,350,199)	$ (52,550,394)	$ (50,200,450)	$ (15,745,241)

	2017	2016	2015	2014	2013
Expenses					
Governmental Activities:					
General government	$ 10,056,228	$ 17,381,050	$ 11,393,967	$ 11,226,130	$ 10,656,322
Public safety	36,900,873	36,372,485	31,515,975	31,035,115	30,611,650
Culture and recreation	13,477,176	12,638,389	12,542,034	11,931,205	11,633,882
Public works	11,362,841	9,569,723	8,958,913	8,962,500	8,398,711
Interest and other fees	3,743,076	4,016,128	4,488,461	3,915,632	3,673,780
Total Governmental Activities Expenses	75,540,194	79,977,775	68,899,350	67,070,582	64,974,345
Business-Type Activities:					
Utility	31,655,646	31,490,416	30,228,765	28,066,386	27,623,220
Aquatic park	4,863,609	5,006,324	4,354,652	4,542,966	4,749,688
Golf course	2,554,338	2,465,475	2,394,132	2,433,004	2,566,632
Total Business-type Activities Expenses	39,073,593	38,962,215	36,977,549	35,042,356	34,939,540
Total Primary Government Expenses	$ 114,613,787	$ 118,939,990	$ 105,876,899	$ 102,112,938	$ 99,913,885
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	$ 5,904,994	$ 4,158,829	$ 5,145,175	$ 5,521,811	$ 5,497,050
Public safety	2,443,763	3,486,887	3,894,194	3,655,306	4,204,508
Culture and recreation	3,274,056	3,246,982	3,104,181	3,100,292	3,001,249
Public works	1,118,102	979,812	1,063,766	1,136,920	937,102
Operating grants and contributions	4,910,865	3,336,301	2,966,484	2,826,280	2,545,158
Capital grants and contributions	1,647,847	4,575,258	478,587	2,676,372	2,938,951
Total Governmental Activities Program Revenues	19,299,627	19,784,069	16,652,387	18,916,981	19,124,018
Business-Type Activities					
Charges for services:					
Utility	31,983,377	30,544,439	29,826,840	30,483,178	30,160,950
Aquatic park	4,117,435	4,005,048	4,237,734	4,019,970	4,377,388
Golf course	2,543,641	2,552,175	2,335,223	2,314,514	2,371,010
Operating grants and contributions	-	-	-	84,842	138,831
Capital grants and contributions	-	-	-	-	7,291
Total Business-type Activities Program Revenues	38,644,453	37,101,662	36,399,797	36,902,504	37,055,470
Total Primary Government Program Revenues	$ 57,944,080	$ 56,885,731	$ 53,052,184	$ 55,819,485	$ 56,179,488
Net (Expense) Revenue					
Governmental activities	$ (56,240,567)	$ (60,193,706)	$ (52,246,963)	$ (48,153,601)	$ (45,850,327)
Business-type activities	(429,140)	(1,860,553)	(577,752)	1,860,148	2,115,930
Total Primary Government Net Expense	$ (56,669,707)	$ (62,054,259)	$ (52,824,715)	$ (46,293,453)	$ (43,734,397)

	2022	2021	2020	2019	2018
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property taxes	$ 37,241,474	$ 36,030,318	$ 34,618,987	$ 34,416,931	$ 32,519,445
Sales tax	26,399,204	23,960,318	22,014,072	20,438,448	20,519,795
Mixed beverage	150,849	128,889	125,456	154,095	145,495
Franchise and other taxes	3,755,969	3,557,946	3,818,194	4,315,995	4,093,150
Occupancy	328,965	313,649	254,203	279,026	301,835
Unrestricted investment earnings	(786,588)	109,853	2,032,166	2,670,106	396,058
Gain on sale of capital assets	3,419,511	-	-	-	-
Miscellaneous	148,772	983,598	2,379,746	3,101,123	3,237,668
Special Items	(7,547,912)	-	-	-	-
Transfers	1,379,404	2,733,649	(684,934)	3,616,377	2,685,453
Total Governmental Activities	64,489,648	67,818,220	64,557,890	68,992,101	63,898,899
Business-Type Activities:					
Unrestricted investment earnings	(301,257)	3,112	522,875	670,582	63,542
Gain on sale of capital assets	232,011	-	-	-	-
Miscellaneous	1,074,905	41,500	1,425,737	1,735,383	2,153,798
Transfers	(1,379,404)	(2,733,649)	684,934	(3,616,377)	(2,685,453)
Total Business-Type Activities	(373,745)	(2,689,037)	2,633,546	(1,210,412)	(468,113)
Total Primary Government	$ 64,115,903	$ 65,129,183	$ 67,191,436	$ 67,781,689	$ 63,430,786
Changes in Net Position:					
Governmental activities	$ 25,694,444	$ 17,708,659	$ 12,509,392	$ 17,975,868	$ 43,535,524
Business-type activities	9,322,723	3,070,325	2,131,650	(394,629)	4,150,021
Total Primary Government	$ 35,017,167	$ 20,778,984	$ 14,641,042	$ 17,581,239	$ 47,685,545

	2017	2016	2015	2014	2013
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property taxes	$ 29,852,651	$ 27,060,196	$ 26,099,238	$ 24,903,041	$ 24,126,068
Sales tax	19,838,314	19,324,022	18,571,502	18,007,872	17,359,807
Mixed beverage	145,222	139,062	138,100	129,512	117,223
Franchise and other taxes	4,015,982	4,437,141	4,502,303	4,332,756	4,166,579
Occupancy	278,764	275,072	232,793	206,930	221,003
Unrestricted investment earnings	285,287	522,485	514,062	320,460	258,705
Gain on sale of capital assets	-	-	-	-	-
Miscellaneous	637,784	4,077,647	188,123	142,074	205,445
Special Items	-	-	-	-	-
Transfers	4,878,313	5,708,025	3,973,821	4,162,160	3,674,512
Total Governmental Activities	59,932,317	61,543,650	54,219,942	52,204,805	50,129,342
Business-Type Activities:					
Unrestricted investment earnings	74,378	127,777	119,568	20,007	80,950
Gain on sale of capital assets	-	-	-	-	-
Miscellaneous	157,285	3,116	35,052	300,555	5,380
Transfers	(4,878,313)	(5,708,025)	(3,973,821)	(4,162,160)	(3,674,512)
Total Business-Type Activities	(4,646,650)	(5,577,132)	(3,819,201)	(3,841,598)	(3,588,182)
Total Primary Government	$ 55,285,667	$ 55,966,518	$ 50,400,741	$ 48,363,207	$ 46,541,160
Changes in Net Position:					
Governmental activities	$ 3,691,750	$ 1,349,944	$ 1,972,979	$ 4,051,204	$ 4,279,015
Business-type activities	(5,075,790)	(7,437,685)	(4,396,953)	(1,981,450)	(1,472,252)
Total Primary Government	$ (1,384,040)	$ (6,087,741)	$ (2,423,974)	$ 2,069,754	$ 2,806,763

NRH

CITY OF NORTH RICHLAND HILLS, TEXAS

Table 3

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Nonspendable	$ 85,038	$ 97,974	$ 112,620	$ 155,829	$ 155,629	$ 235,578	$ 134,812	$ 341,273	$ 450,459	$ 669,275
Restricted	1,774,039	1,740,797	1,548,032	1,345,276	1,128,109	986,704	572,174	567,522	476,163	1,123,587
Assigned	419,832	359,825	283,618	282,553	285,135	114,058	705,694	929,092	3,811,011	3,963,333
Unassigned	19,278,460	17,418,348	17,386,675	13,899,240	11,959,306	10,683,474	8,117,775	9,457,571	9,070,595	9,186,072
Total General Fund	21,557,369	19,616,944	19,330,945	15,682,898	13,528,179	12,019,814	9,530,455	11,295,458	13,808,228	14,942,267
All Other Governmental Funds										
Nonspendable	12,213	17,175	25,694	90,038	15,408	35,791	51,958	33,195	50,288	27,002
Restricted	51,090,659	67,879,762	59,937,737	38,419,489	33,168,349	30,949,263	29,505,140	44,653,934	74,611,779	63,631,314
Committed	27,325,952	14,730,496	3,068,399	4,733,528	2,251,461	2,130,744	2,067,819	1,565,680	1,070,103	4,161,319
Assigned	8,271,266	4,239,831	5,813,543	7,262,781	8,318,816	19,884,686	22,476,772	19,075,193	10,674,838	17,280,746
Unassigned	(356,601)	(25,398)	-	-	-	-	-	(406,809)	-	-
Total All Other Governmental Funds	86,343,489	86,841,866	68,845,373	50,505,836	43,754,034	53,000,484	54,101,689	64,921,193	86,407,008	85,100,381
Total All Governmental Funds	$ 107,900,858	$ 106,458,810	$ 88,176,318	$ 66,188,734	$ 57,282,213	$ 65,020,298	$ 63,632,144	$ 76,216,651	$ 100,215,236	$ 100,042,648

Notes: GASB 54 Fund Balance reporting was implemented in 2011.

CITY OF NORTH RICHLAND HILLS, TEXAS

Table 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Page 1 of 2

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2022	2021	2020	2019	2018
Revenues					
Taxes	$ 67,900,287	$ 63,924,362	$ 60,849,339	$ 59,608,600	$ 57,455,121
Licenses and permits	3,083,283	3,212,074	2,581,001	2,550,598	2,150,745
Charges for services	7,779,788	6,730,132	6,214,339	7,446,486	7,086,865
Gas utility leases and royalties	1,134,010	659,357	407,632	519,830	555,185
Fines	1,974,887	2,005,086	1,840,751	2,088,401	1,973,660
Civil citations	-	-	-	-	-
Contributions	187,035	227,365	264,029	281,178	428,977
Special assessments	963,463	940,378	-	4,199	8,764
Investment income	(358,358)	77,182	1,626,298	2,203,691	385,620
Intergovernmental	6,645,348	4,520,452	13,660,474	5,195,951	6,892,700
Forfeitures	108,359	126,593	56,939	114,246	86,783
Developer contributions	-	-	-	-	-
Miscellaneous	562,482	443,472	652,030	1,858,022	333,603
Total Revenues	89,980,584	82,866,453	88,152,832	81,871,202	77,358,023
Expenditures					
General government	10,519,193	9,630,266	10,615,947	10,497,502	10,259,209
Public safety	37,763,898	36,210,406	35,964,977	35,480,280	34,610,632
Culture and recreation	10,652,798	10,106,261	9,898,855	10,514,871	10,335,379
Public works	6,590,074	6,105,740	5,308,773	3,258,397	3,193,928
Capital outlay	11,293,257	12,170,148	11,802,985	13,463,999	19,572,041
Debt Service:					
Principal retirement	22,018,562	11,130,000	10,595,000	10,630,000	10,745,000
Interest and fiscal charges	4,187,659	4,041,070	3,998,358	3,586,252	3,941,465
Bond issuance costs	285,378	252,062	1,273,158	216,920	-
Total Expenditures	103,310,819	89,645,953	89,458,053	87,648,221	92,657,654
Excess of revenues over (under) expenditures	(13,330,235)	(6,779,500)	(1,305,221)	(5,777,019)	(15,299,631)
Other Financing Sources (Uses)					
Issuance of debt	12,200,000	18,030,000	8,425,000	8,490,000	-
Issuance of refunding debt	-	245,000	3,795,000	4,865,000	-
Premium on issuance of debt	875,378	1,418,470	1,082,100	738,173	-
Payment to refunded bond escrow agent	-	(258,003)	(4,182,132)	(5,380,743)	-
Proceeds from sale of assets	3,373,753	8,473	57,892	484,003	2,712,686
Transfers in	21,413,520	12,365,782	20,663,183	14,220,231	12,180,950
Transfers (out)	(15,542,456)	(6,747,730)	(18,128,238)	(8,733,124)	(7,332,100)
Total Other Financing Sources (Uses)	22,320,195	25,061,992	11,712,805	14,683,540	7,561,536
Net change in fund balances before special items	8,989,960	18,282,492	10,407,584	8,906,521	(7,738,095)
Special items	(7,547,912)	-	-	-	-
Net change in fund balances	$ 1,442,048	$ 18,282,492	$ 10,407,584	$ 8,906,521	$ (7,738,095)
Debt service as a percentage of noncapital expenditures	29.0%	18.7%	19.1%	19.5%	19.8%

	2017	2016	2015	2014	2013
Revenues					
Taxes	$ 54,092,627	$ 51,253,936	$ 49,541,169	$ 47,625,477	$ 45,990,682
Licenses and permits	2,326,087	2,534,768	1,520,086	1,632,278	1,764,004
Charges for services	6,120,805	6,027,624	5,904,848	6,681,429	6,800,050
Gas utility leases and royalties	454,264	263,932	664,788	1,187,340	-
Fines	2,212,430	1,892,511	2,222,995	1,990,953	2,424,064
Civil citations	1,088,773	1,322,940	1,226,567	990,714	923,282
Contributions	362,139	1,795,872	277,972	199,825	140,385
Special assessments	775	3,755	12,095	-	10,116
Investment income	304,456	475,680	437,668	319,622	177,178
Intergovernmental	6,194,623	6,121,987	4,305,248	5,072,166	4,467,635
Forfeitures	92,346	112,118	67,598	107,275	323,285
Developer contributions	-	-	-	600,000	-
Miscellaneous	354,955	366,569	263,251	388,858	1,318,985
Total Revenues	73,604,280	72,171,692	66,444,285	66,795,937	64,339,666
Expenditures					
General government	10,447,419	9,965,076	9,299,236	10,155,142	10,673,511
Public safety	33,044,578	31,277,423	30,050,383	29,022,814	28,317,163
Culture and recreation	10,186,032	9,634,940	9,534,702	9,231,503	9,290,204
Public works	3,153,832	3,088,996	3,024,822	2,924,516	3,563,149
Capital outlay	15,089,154	27,524,601	55,831,018	30,729,875	10,208,747
Debt Service:					
Principal retirement	10,515,000	11,187,728	9,999,376	8,578,960	8,523,434
Interest and fiscal charges	4,165,468	4,327,617	4,506,910	3,924,385	3,659,348
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	86,601,483	97,006,381	122,246,447	94,567,195	74,235,556
Excess of revenues over (under) expenditures	(12,997,203)	(24,834,689)	(55,802,162)	(27,771,258)	(9,895,890)
Other Financing Sources (Uses)					
Issuance of debt	7,545,000	1,850,000	22,215,000	24,360,000	9,845,000
Issuance of refunding debt	1,695,000	2,006,810	10,416,576	3,936,985	-
Premium on issuance of debt	362,160	97,212	3,265,946	310,000	300,486
Payment to refunded bond escrow agent	(1,682,019)	(2,025,720)	(10,416,576)	(3,936,985)	-
Proceeds from sale of assets	505,650	3,977,054	136,558	19,500	799,045
Transfers in	14,617,046	19,233,421	12,337,451	16,597,422	7,782,662
Transfers (out)	(8,657,479)	(12,888,595)	(6,151,378)	(13,343,076)	(3,816,456)
Total Other Financing Sources (Uses)	14,385,358	12,250,182	31,803,577	27,943,846	14,910,737
Net change in fund balances before special items	1,388,155	(12,584,507)	(23,998,585)	172,588	5,014,847
Special items	-	-	-	-	-
Net change in fund balances	$ 1,388,155	$ (12,584,507)	$ (23,998,585)	$ 172,588	$ 5,014,847
Debt service as a percentage of noncapital expenditures	20.4%	20.8%	20.9%	18.9%	19.0%

NRH

CITY OF NORTH RICHLAND HILLS, TEXAS

Table 5

APPRAISED AND TAXABLE VALUE OF PROPERTY

Last Ten Fiscal Years

Fiscal Year	Tax Year	Appraised Residential Property[1]	Appraised Commercial Property	Appraised Industrial Property	Appraised Other Property[2]	Personal Property	Estimate for ARB & Incomplete	Less Tax Exempt Property	Estimated Net Taxable Value	Total Direct Tax Rate
2013	2012	$ 2,785,739,578	$ 1,381,473,075	$ 24,346,385	$ 47,706,246	$ 312,039,668	$ 84,494,809	$ 903,068,001	$ 3,732,731,760	0.61000
2014	2013	2,868,511,402	1,441,819,516	25,428,750	40,136,107	311,311,919	90,219,997	936,363,242	3,841,064,449	0.61000
2015	2014	3,051,185,373	1,493,156,269	27,110,792	49,727,661	324,807,300	66,663,269	956,622,434	4,056,028,230	0.61000
2016	2015	3,117,914,468	1,538,511,112	19,220,094	46,060,377	326,962,414	173,753,349	1,072,233,887	4,150,187,927	0.61000
2017	2016	3,540,397,856	1,721,550,137	26,729,937	27,615,504	312,681,455	263,198,321	1,292,478,020	4,599,695,190	0.61000
2018	2017	3,993,343,172	1,956,678,814	26,686,683	24,263,442	357,297,914	224,247,353	1,418,958,570	5,163,558,808	0.59000
2019	2018	4,355,697,880	2,116,508,756	27,218,496	35,225,850	392,810,455	138,916,899	1,415,773,177	5,650,605,159	0.58500
2020	2019	4,812,901,628	2,241,160,157	31,415,440	50,684,038	406,907,002	229,471,415	1,585,662,386	6,186,877,294	0.57200
2021	2020	5,062,264,162	2,309,546,837	32,577,105	48,806,708	418,908,297	392,770,420	1,915,679,645	6,349,193,884	0.57570
2022	2021	5,463,675,235	2,428,279,033	32,975,644	46,974,852	415,877,607	289,559,979	1,826,185,503	6,851,156,847	0.57218

Source: 2007-2015 - July 25th Tarrant Appraisal District Certified Tax Roll and City budget
2016 - December Tarrant Appraisal District Certified Tax Roll and City budget

[1] Due to a change in Tarrant Appraisal District, the structure of the information presented in the July Certified Tax Roll changed beginning in 2008.

[2] This category includes properties under protest with the appraisal review board and properties classified as incomplete by Tarrant Appraisal District at the time NRH City Council approves the Tax Rolls for the budget year. The net taxable values are those approved by City Council by resolution.

CITY OF NORTH RICHLAND HILLS, TEXAS

Table 6

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

(per $100 assessed value)

Last Ten Fiscal Years

	City of North Richland Hills							
Fiscal Year	General fund[2]	Debt service fund[2]	Total[2]	Junior college[1]	Birdville school district[1]	Hospital[1]	County[1]	Total
2013	0.351076	0.258924	0.610000	0.148970	1.435000	0.227897	0.264000	2.685867
2014	0.349036	0.260964	0.610000	0.149500	1.435000	0.227897	0.264000	2.686397
2015	0.350580	0.259420	0.610000	0.149500	1.435000	0.227897	0.264000	2.686397
2016	0.364730	0.245270	0.610000	0.149500	1.453900	0.227897	0.264000	2.705297
2017	0.348083	0.261917	0.610000	0.144730	1.453900	0.227897	0.254000	2.690527
2018	0.328640	0.261360	0.590000	0.140060	1.453900	0.224429	0.244000	2.652389
2019	0.327088	0.257912	0.585000	0.136070	1.453900	0.224429	0.234000	2.633399
2020	0.334940	0.237060	0.572000	0.130170	1.383900	0.224429	0.234000	2.544499
2021	0.343611	0.232089	0.575700	0.130170	1.380300	0.224429	0.234000	2.544599
2022	0.348864	0.223320	0.572184	0.130170	1.338000	0.224430	0.229000	2.493784

Sources [1] Tarrant County

[2] City records

CITY OF NORTH RICHLAND HILLS, TEXAS

Table 7

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Year ended September 30, 2022

Taxpayer	Type of Business	2021 Assessed Valuation*	% of Total Assessed Valuation
S2 8500 Harwood LLC	Multi Family	$ 101,300,000	1.48%
Star Meadows LLC/Star Delano LLC	Multi Family	100,300,000	1.46%
SPI Hometown 316 DE LLC/SPI Wood Meadow 222 LLC	Multi Family	89,200,000	1.30%
Company One LLC	Real Estate	75,814,250	1.11%
Cavalli at Iron Horse Station POE LLC	Multi Family	75,600,000	1.10%
Frontline Shadow Creek LP/Frontline Aspen Creek LP	Multi Family	67,309,527	0.98%
Silver Creek LL LLC	Multi Family	64,800,000	0.95%
Sovereign at Hometown LLC	Multi Family	64,200,000	0.94%
Wal-Mart Real Estate Bus Trust/Stores Tex	Retail	50,697,317	0.74%
Devon Square LLC	Multi Family	48,200,000	0.70%
		$ 737,421,094	10.76%

Year ended September 30, 2013

Taxpayer	Type of Business	2012 Assessed Valuation*	% of Total Assessed Valuation
Wal-Mart	Retail	$ 60,508,435	1.67%
Hospital Corporation of America	Healthcare Provider	42,733,217	1.18%
BGPC Equestrian	Real Estate	33,000,000	0.91%
Ap Wp N Richland Hills Reit	Multi Family	30,589,000	0.85%
Chesapeake Operating (Wi)	Gas Utility	27,732,850	0.77%
Oncor Electric Delivery Co.	Utility Service Provider	26,353,412	0.73%
Venue at Home Town LTD ETAL	Property Developer	25,348,600	0.70%
AP Wp Green Reit LLC	Multi Family	25,265,000	0.70%
Company One, LLC	Real Estate	25,250,000	0.70%
Tyson Prepared Foods Inc	Food Manufacturer	22,007,098	0.61%
		$ 318,787,612	8.81%

* Source: Tarrant Appraisal District

The Maker Spot is a 4,500 sq. ft. makerspace on the second floor of the NRH Library. The Maker Spot is a community workspace where Library cardholders can come to create, explore, collaborate and innovate. The Maker Spot, opened in 2015, was funded by a Special Projects grant from the Texas State Library and Archives and the Institute for Museum and Library Services.

CITY OF NORTH RICHLAND HILLS, TEXAS *Table 8*

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections (Refunds) in Subsequent Years	Total Collections to Date	
				Amount	Percent of Levy	Amount	Amount	Percent of Levy
2013	2012	0.61000	$ 22,769,664	$ 22,175,814	97.39%	$ 545,618	$ 22,721,432	99.79%
2014	2013	0.61000	23,430,493	22,797,806	97.30%	581,300	23,379,106	99.78%
2015	2014	0.61000	24,472,461	23,954,022	97.88%	473,771	24,427,793	99.82%
2016	2015	0.61000	25,342,035	24,810,326	97.90%	473,039	25,283,365	99.77%
2017	2016	0.61000	28,102,997	27,221,718	96.86%	834,632	28,056,350	99.83%
2018	2017	0.59000	30,455,592	29,254,234	96.06%	1,123,646	30,377,880	99.74%
2019	2018	0.58500	32,788,890	31,270,097	95.37%	253,717	31,523,815	96.14%
2020	2019	0.57200	35,061,148	33,251,865	94.84%	228,189	33,480,054	95.49%
2021	2020	0.57570	37,064,012	35,000,652	94.43%	204,363	35,205,015	94.98%
2022	2021	0.57218	39,369,801	37,056,767	94.12%	-	37,056,767	94.12%

CITY OF NORTH RICHLAND HILLS, TEXAS

Table 9

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years (dollars in thousands, except per capita)

	General Bonded Debt								
Fiscal Year	Estimated Population [1]	Net Taxable Value [2]	General Obligation Bonds	Certificates of Obligation	Leases	Loans Payable	Total General Bonded Debt	Percentage of Net Taxable Value	General Bonded Debt Per Capita [1]
2013	63,420	$ 3,732,732	$ 70,179	$ 30,910	$ -	$ 311	$ 101,400	2.72%	$ 1,599
2014	65,690	3,841,064	81,512	36,050	-	-	117,562	3.06%	1,790
2015	66,300	4,056,028	83,354	50,105	-	-	133,459	3.29%	2,013
2016	69,204	4,150,188	77,625	46,330	-	-	123,955	2.99%	1,791
2017	69,768	4,599,695	71,478	49,485	-	-	120,963	2.63%	1,734
2018	69,600	5,163,559	64,925	44,825	-	-	109,750	2.13%	1,577
2019	71,269	5,650,605	60,131	47,395	-	-	107,526	1.90%	1,509
2020	71,508	6,187,263	56,130	49,487	-	-	105,617	1.71%	1,477
2021	70,380	6,349,193	68,406	45,135	-	-	113,541	1.79%	1,613
2022	71,904	6,851,156	72,816	34,580	98	-	107,494	1.57%	1,495

	Other Gov't Activities Debt	Business-Type Activities						
Fiscal Year	Sales Tax Revenue bonds	General Obligation Bonds	Certificates of Obligation	Leases	Total Business-type Activities	Total Primary Government [3]	Percentage of Net Taxable Value	Total Bonded Debt Per Capita [1]	Percentage of Per Capita Income [1]
2013	$ 615	$ 1,885	$ 15,300	$ 317	$ 17,502	$ 119,517	3.20%	$ 1,885	5.87%
2014	210	1,815	15,280	245	17,340	135,112	3.52%	2,057	6.47%
2015	105	2,012	13,670	163	15,845	149,409	3.68%	2,254	7.00%
2016	-	3,452	14,980	92	18,524	142,479	3.43%	2,059	6.33%
2017	-	3,190	13,605	253	17,048	138,011	3.00%	1,978	5.73%
2018	-	2,737	12,455	175	15,367	125,117	2.42%	1,798	5.16%
2019	-	4,784	14,665	77	19,526	127,052	2.25%	1,783	4.91%
2020	-	3,949	20,772	308	25,029	130,647	2.11%	1,827	4.91%
2021	-	3,390	20,274	232	23,896	137,437	2.16%	1,953	5.02%
2022	-	2,817	22,312	176	25,305	132,799	1.94%	1,847	4.29%

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1] See Table 13 for additional population statistics.

[2] See Table 5 for additional information on net taxable value.

[3] Includes general bonded debt, other governmental activities debt, and business-type activities debt, net of premiums and discounts.

CITY OF NORTH RICHLAND HILLS, TEXAS

Table 10

DIRECT AND ESTIMATED OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Last Ten Fiscal Years

Taxing Jurisdiction	Net Bonded Outstanding Debt	Overlapping Percentage Applicable [2]	Overlapping City Share of Overlapping Debt
City of North Richland Hills	$ 124,665,000 [1]	100.00%	$ 124,665,000
Birdville Independent School District	408,955,000	48.34%	197,688,847
Hurst-Euless-Bedford	321,965,000	0.06%	193,179
Keller Independent School District	836,595,184	3.62%	30,284,746
Tarrant County	404,360,000	2.99%	12,090,364
Tarrant County Hospital District	12,825,000	2.99%	383,468
Tarrant County College District	610,315,000	2.99%	18,248,419
Total Overlapping Debt			258,889,023
Total Direct and Overlapping Debt			$ 383,554,023

Source: Municipal Advisory Council of Texas

[1] Includes self-supporting governmental activities debt.

[2] The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

The North Richland Hills Parks & Recreation Facilities Development Corporation Capital Improvement Program is funded through a voter approved half-cent sales tax authorized to fund the development of parks and recreational facilities for the community. The Corporation was established following voter approval in January 1992.

Since its inception in 1992, many accomplishments have been achieved. 902 acres of park land have been acquired, offering the following parks and recreational services to our citizens:

- 20 miles of multi-use trails creating a complete network of trails throughout the City
- 7 community parks
- 13 neighborhood parks
- 9 linear parks
- Richland Tennis Center
- NRH_2O Family Water Park
- Tipps Canine Hollow Dog Park
- Davis Emerald Pocket Park
- Stormy Plaza
- NRH Senior Center
- Common Ground NRH Community Garden

The 7-member Board of Directors is appointed by City Council and comprised of 4 City Council members and 3 citizen members.

CITY OF NORTH RICHLAND HILLS, TEXAS *Table 11*

COMPUTATION OF LEGAL DEBT MARGIN

Last Ten Fiscal Years

Fiscal Year	Estimated Net Taxable Value	Debt Limit	Total Debt Service	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit
2013	$ 3,732,731,760	$ 55,990,976	$ 8,768,411	$ 47,222,565	15.66%
2014	3,841,064,449	57,615,967	9,565,203	48,050,764	16.60%
2015	4,056,028,230	60,840,423	11,196,142	49,644,281	18.40%
2016	4,150,187,927	62,252,819	12,709,626	49,543,193	20.42%
2017	4,599,695,190	68,995,428	11,668,135	57,327,293	16.91%
2018	5,163,558,808	77,453,382	16,751,884	60,701,498	21.63%
2019	5,650,605,159	84,759,077	16,849,964	67,909,113	19.88%
2020	6,187,263,435	92,808,952	16,435,242	76,373,710	17.71%
2021	6,349,193,884	95,237,908	17,076,637	78,161,271	17.93%
2022	6,851,156,847	102,767,353	15,481,368	87,285,985	15.06%

CITY OF NORTH RICHLAND HILLS, TEXAS

Table 12

PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

	Park and Recreation Facilities Development Bonds						
Fiscal Year	Sales Tax Revenues	Less: Current Expenditures[3]	Net Revenue Available[2]	Debt Service Principal	Debt Service Interest	Debt Service Total[1]	Coverage
2013	$ 4,343,358	$ (5,729,298)	$ (1,385,940)	$ 405,000	$ 31,315	$ 436,315	(3.18)
2014	4,506,169	(5,559,713)	(1,053,544)	355,000	117,243	472,243	(2.23)
2015	4,648,841	(5,703,671)	(1,054,830)	455,000	109,153	564,153	(1.87)
2016	4,837,974	(5,896,984)	(1,059,010)	240,000	89,055	329,055	(3.22)
2017	4,964,710	(6,235,946)	(1,271,236)	240,000	80,393	320,393	(3.97)
2018	5,140,554	(6,328,312)	(1,187,758)	430,000	197,685	627,685	(1.89)
2019	5,113,739	(6,502,089)	(1,388,350)	350,000	174,555	524,555	(2.65)
2020	5,509,712	(6,050,286)	(540,574)	345,000	164,030	509,030	(1.06)
2021	5,995,942	(6,355,624)	(359,682)	310,000	153,005	463,005	(0.78)
2022	6,609,698	(6,730,306)	(120,608)	310,000	125,100	435,100	(0.28)

[1] Includes interest and fiscal agent charges.

[2] Bond covenant for sales tax revenue bonds mandates sufficient fund balance to cover average debt service payments unpaid. Negative coverage indicates that fund balance reserves are being used to cover debt service requirements. The City has sufficient fund balance coverage to pay all debt service due.

[3] Excludes capital outlay.

CITY OF NORTH RICHLAND HILLS, TEXAS *Table 13*

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Estimated Population [2]	Median Income [6]	Per Capita Income [6]	Median Age [6]	Education Level [6, 7]	School Enrollment [1, 5]	Unemployment Rate [3]
2013	63,420	$ 82,051	$ 32,079	38.4	91%	10,883	5.5%
2014	65,690	81,100	31,766	38.5	95%	10,795	4.9%
2015	66,300	66,475	32,176	38.6	92%	11,452	3.3%
2016	69,204	65,121	32,549	38.9	92%	11,206	3.8%
2017	69,768	66,884	34,520	39.1	92%	10,970	3.8%
2018	69,600	67,812	34,839	39.2	93%	10,917	3.4%
2019	71,269	71,338	36,296	39.5	92%	11,070	3.0%
2020	71,508	71,098	37,239	39.5	92%	10,723	3.0%
2021	70,380	74,133	38,888	39.9	93%	10,616	3.9%
2022	71,904	78,974	43,098	39.9	94%	10,791	3.2%

Data Sources:

[1]Birdville Independent School District

[2]City estimates

[3]Texas Employment Commission

[5]Includes North Richland Hills students only

[6]ESRI Business Information Solutions, Inc.

[7]Reported as a percentage of residents with a high school diploma or greater

The annual NRH Holiday Magic Christmas Tree Lighting & Family Festival is held each December with activities including visits from Santa and Mrs. Claus, children's activities, performances on the community stage, and a holiday-themed firework show.

CITY OF NORTH RICHLAND HILLS, TEXAS *Table 14*

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Year ended September 30, 2022

Employer	Employees [3]	Rank	Percentage of Total City Employment *
Santander Consumer USA, Inc.	1,500	1	3.71%
City of North Richland Hills	835	2	2.06%
Birdville ISD[1]	758	3	1.88%
Wal-Mart Supercenters	723	4	1.79%
Medical City North Hills	615	5	1.52%
Tarrant County College - NE Campus2	485	6	1.20%
Health Markets HQ	452	7	1.12%
Stericycle	400	8	0.99%
Tyson Prepared Foods	380	9	0.94%
Prestige Ameritech	300	10	0.74%
	6,448		15.95%

Year ended September 30, 2013

Employer	Employees [3]	Rank	Percentage of Total City Employment *
Santander Consumer USA, Inc.	1,577	1	4.44%
North Hills Hospital	785	2	2.21%
Birdville ISD1	766	3	2.16%
Wal-Mart Supercenters	752	4	2.12%
HealthMarkets	607	5	1.71%
City of North Richland Hills	534	6	1.50%
Tarrant County College - NE Campus[2]	452	7	1.27%
Tyson Prepared Foods	425	8	1.20%
Con-Way Freight, Inc.	290	9	0.82%
Silverleaf Resorts	280	10	0.79%
	6,468		18.22%

[1]Number denotes employees working in schools in the City of North Richland Hills.

[2]Split with Hurst.

[3]Actual number of employees employed at time of reporting.

* Source: City records

Function	2022	2021	2020	2019	2018
General government					
Administration	8.00	7.00	7.00	7.00	7.00
Public information	3.50	3.50	3.50	3.00	3.00
Judicial	15.00	15.00	15.00	15.00	15.00
Finance	22.50	22.50	22.50	22.50	22.50
Nondepartmental	1.00	1.00	1.00	1.00	1.00
Human resources	1.00	1.00	1.00	1.00	1.00
Planning and inspections	12.30	12.30	12.30	12.30	12.30
Neighborhood services	21.78	21.78	21.78	21.78	21.78
Budget and research	3.00	3.00	3.00	3.00	3.00
Public relations	3.48	3.50	3.50	3.50	3.50
Total general government	91.56	90.58	90.58	90.08	90.08
Public safety					
Police	203.36	201.86	200.86	200.86	195.86
Fire	100.00	100.00	100.00	100.00	94.00
Total public safety	303.36	301.86	300.86	300.86	289.86
Culture and recreation					
Parks and recreation	147.86	148.87	149.87	150.24	148.25
Library	27.05	27.53	27.53	27.74	27.74
Economic development	3.00	3.00	3.00	3.00	3.00
Total culture and recreation	177.91	179.40	180.40	180.98	178.99
Public works	79.20	78.70	79.70	79.70	79.70
Internal services					
Building services	15.50	17.25	17.25	16.38	13.88
Equipment services	12.00	12.00	12.00	12.00	13.00
Self-insurance	5.00	5.00	5.00	5.00	5.00
Information services	12.50	12.00	12.00	12.00	12.00
Total internal services	45.00	46.25	46.25	45.38	43.88
Total full-time equivalents	697.03	696.79	697.79	697.00	682.51

Source: City operating budget

Function	2017	2016	2015	2014	2013
General government					
Administration	6.00	5.00	5.00	4.70	4.70
Public information	3.00	4.00	4.00	4.00	4.00
Judicial	15.00	15.00	15.00	15.00	15.00
Finance	22.00	23.00	23.00	23.00	22.00
Nondepartmental	1.00	1.00	1.00	1.00	1.00
Human resources	1.00	1.00	1.00	1.00	1.00
Planning and inspections	12.30	10.30	10.30	10.30	10.30
Neighborhood services	19.73	19.73	19.73	18.75	18.75
Budget and research	3.00	3.00	3.00	3.00	3.00
Public relations	3.50	3.50	3.50	3.75	3.75
Total general government	86.53	85.53	85.53	84.50	83.50
Public safety					
Police	203.13	193.88	191.88	189.88	187.88
Fire	94.00	94.00	91.00	91.00	91.00
Total public safety	297.13	287.88	282.88	280.88	278.88
Culture and recreation					
Parks and recreation	161.95	163.48	162.10	162.70	160.25
Library	27.53	28.03	27.11	27.11	27.11
Economic development	3.00	3.00	3.00	3.00	4.00
Total culture and recreation	192.48	194.51	192.21	192.81	191.36
Public works	69.43	79.18	78.18	78.18	79.68
Internal services					
Building services	13.63	15.63	15.63	15.73	15.23
Equipment services	13.00	13.00	13.00	13.00	13.00
Self-insurance	5.00	5.00	5.00	5.10	5.10
Information services	12.00	12.00	12.00	12.00	12.00
Total internal services	43.63	45.63	45.63	45.83	45.33
Total full-time equivalents	689.20	692.73	684.43	682.20	678.75

Source: City operating budget

Function	2022	2021	2020	2019	2018
General Government					
Planning and inspections					
Construction					
Commercial units	16	24	27	29	21
Commercial value	$ 66,042,535	$ 45,570,582	$ 15,022,201	$ 49,609,337	$ 67,800,454
Residential units	260	306	253	211	234
Residential value	$ 89,428,202	$ 100,525,572	$ 80,289,238	$ 70,298,392	$ 80,589,505
Public safety					
Police					
Law violations [1]	2,185	1,729	1,931	2,333	2,697
Part one offenses	1,748	1,890	1,393	1,655	1,830
Traffic violations	14,109	10,115	17,245	17,953	7,721
Calls for service	48,391	44,390	40,070	39,448	123,112
Case clearance %	46%	41%	46%	54%	47%
Fire					
Total responses	9,489	9,116	8,025	8,234	8,354
Fire responses	2,871	2,836	2,494	2,549	2,691
EMS responses	6,618	6,280	5,531	5,685	5,663
% responses < 5 minutes [4]	-	-	-	67%	66%
% responses < 4 minutes [4]	31%	29%	55%	-	-
% responses < 8 minutes [4]	92%	95%	94%	-	-
Total inspections	2,364	1,434	1,711	2,958	3,201
Culture and recreation					
Parks and recreation					
Water park admissions	194,303	181,808	12,501	185,971	184,064
Golf rounds played	44,085	44,362	18,961	46,915	42,953
Library					
Number of volumes	162,703	150,086	146,928	162,460	164,482
Annual circulation	629,931	657,608	576,827	728,605	778,166
Annual loans per capita	8.76	9.34	8.07	10.72	11.18
Public Works					
Water					
Avg daily consumption [2]	1,303,944	1,181,115	1,201,993	1,101,439	1,247,915
Peak daily consumption [2]	2,252,406	2,252,406	2,649,332	2,345,187	2,614,572
Streets					
Street overlay - miles	4	2	7	4	7
Concrete pavement repair - sq. ft.	21,010	34,550	7,810	4,324	5,166
Pothole repair - sq. ft.	6,007	8,073	4,522	8,521	4,800
Street cut - sq. ft.	34,670	27,015	79,110	68,430	93,310
Sign fabrication	335	437	684	1,158	1,599

Source: City Records

[1] Excludes traffic violations.

[2] Cubic feet.

[4] New records system implemented for Fire.

Function	2017	2016	2015	2014	2013
General Government					
Planning and inspections					
Construction					
Commercial units	31	20	65	35	25
Commercial value	$ 53,156,352	$ 13,603,082	$ 11,481,833	$ 14,309,733	$ 15,498,935
Residential units	233	238	122	321	189
Residential value	$ 81,180,734	$ 75,615,139	$ 36,838,614	$ 27,754,692	$ 46,472,244
Public safety					
Police					
Law violations [1]	2,772	2,595	3,144	3,014	3,215
Part one offenses	1,662	1,560	1,868	1,644	1,960
Traffic violations	18,404	17,566	21,305	17,052	22,215
Calls for service	120,098	111,984	112,313	107,393	114,269
Case clearance %	52%	23%	28%	23%	58%
Fire					
Total responses	8,205	7,932	7,475	7,276	7,189
Fire responses	2,567	2,402	2,221	2,412	2,275
EMS responses	5,638	5,530	5,254	4,864	4,914
% responses < 5 minutes [4]	56%	64%	74%	70%	58%
% responses < 4 minutes [4]	-	-	-	-	-
% responses < 8 minutes [4]	-	-	-	-	-
Total inspections	2,549	3,143	1,232	1,201	768
Culture and recreation					
Parks and recreation					
Water park admissions	202,515	221,101	227,525	219,077	242,490
Golf rounds played	49,147	47,873	43,250	45,339	48,229
Library					
Number of volumes	179,303	174,156	214,867	202,103	204,302
Annual circulation	764,520	814,070	939,022	854,452	771,994
Annual loans per capita	10.96	11.76	14.16	13.01	12.17
Public Works					
Water					
Avg daily consumption [2]	1,153,565	1,160,247	1,165,254	1,219,696	1,278,326
Peak daily consumption [2]	2,096,524	2,614,973	2,582,620	2,441,043	2,624,198
Streets					
Street overlay - miles	6	4	4	4	1
Concrete pavement repair - sq. ft.	13,921	14,052	3,113	6,258	6,488
Pothole repair - sq. ft.	3,018	4,767	4,467	2,677	2,152
Street cut - sq. ft.	147,676	162,607	153,559	163,910	86,160
Sign fabrication	1,332	1,215	1,179	850	973

Source: City Records

[1] Excludes traffic violations.

[2] Cubic feet.

[4] New records system implemented for Fire.

Function	2022	2021	2020	2019	2018
Public safety					
Police Stations	1	1	1	1	1
Fire Stations	5	5	5	5	5
Fire hydrants	2,339	2,337	2,318	2,304	2,279
Culture and recreation					
Parks and recreation					
Parks	39	39	39	39	39
Park acreage	899	899	899	899	899
Playgrounds	22	22	22	22	22
Trails - miles	36	35[2]	31	31	31
Golf courses	1	1	1	1	1
Recreations centers	1	1	1	1	1
Athletic fields	51	53	53	53	53
Senior centers	1	1	1	1	1
Library					
Libraries	1	1	1	1	1
Public Works[1]					
Water mains - miles	377	379	374	372	372
Water connections	23,570	23,317	22,990	22,707	22,492
Wastewater lines - miles	258	260	257	255	257
Wastewater connections	21,784	21,558	21,237	20,958	20,711
Storm drain - miles	142	142	141	140	139
Streets - miles	252	248	247	246	244
Street lights	2,995	2,990	2,980	2,977	2,948

Source: City Records

[1] Department's system inventory report was calculated by outside source.

[2] Addition of Mountain Bike Trails

Function	2017	2016	2015	2014	2013
Public safety					
Police Stations	1	1	1	1	1
Fire Stations	5	5	4	4	4
Fire hydrants	2,256	2,251	2,219	2,202	2,162
Culture and recreation					
Parks and recreation					
Parks	39	34	33	33	33
Park acreage	899	735	734	734	709
Playgrounds	22	22	22	22	20
Trails - miles	31	31	30	30	21
Golf courses	1	1	1	1	1
Recreations centers	1	1	1	1	1
Athletic fields	53	53	53	53	53
Senior centers	1	1	1	1	1
Library					
Libraries	1	1	1	1	1
Public Works[1]					
Water mains - miles	371	370	367	356	355
Water connections	22,233	21,988	21,329	21,141	20,936
Wastewater lines - miles	256	255	252	293	292
Wastewater connections	20,430	20,212	19,919	19,761	19,603
Storm drain - miles	139	139	139	139	139
Streets - miles	241	241	238	238	238
Street lights	2,550	2,545	2,545	2,545	2,545

Source: City Records

[1] Department's system inventory report was calculated by outside source.

[2] Addition of Mountain Bike Trails

The North Richland Hills City Hall opened in May 2016. The 182,000 square foot for the new facility includes about 89,000 square feet for Public Safety operations, about 78,500 square feet for City Hall and about 14,500 square feet for Municipal Court. Prior to the opening of City Hall, city services were housed in six buildings on three different campuses.

Glossary

The Smithfield TEXRail station is one of two stations in North Richland Hills offering commuter-rail service to Fort Worth and the Dallas-Fort Worth International Airport. The Iron Horse station is the second TEXRail station within the City.

ACCOUNT
A term used to identify an individual asset, liability, expenditure control, revenue control, encumbrance control, or fund balance.

ACCOUNT PAYABLE
A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

ACCOUNT RECEIVABLE
An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government.

ACCOUNTING SYSTEM
The total set of records and procedures, which are used to record, classify, and report information on the financial status and operations of an entity.

ACCRUAL ACCOUNTING
A basis of accounting in which revenues are recognized in the period in which they are earned and become measurable, and expenses are recognized in the period incurred instead of when cash is actually received or spent.

ACCRUED INTEREST
Interest that has been earned and recorded, but has not been received.

ACFR
ACFR is an acronym for **Annual comprehensive financial report**. (See also *ANNUAL COMPREHENSIVE FINANCIAL REPORT.*)

ACTUARIAL
Relating to actuaries or their work of compiling and analyzing statistical calculations to assess risk in insurance, finance and other industries and professions.

AD VALOREM TAX (See also *PROPERTY TAX.*)
A tax based on value of land and improvements (property tax).

AGENDA
A formal listing of items to be discussed during a public meeting. Agendas for public meetings are posted 72 hours in advance, in compliance with the Open Meetings Act.

AMORTIZE
To amortize is to allocate the cost of an intangible asset over a period of time.

ANNUITY
A fixed sum of money paid to someone each year, typically for the rest of their life.

ANNUAL COMPREHENSIVE FINANCIAL REPORT
Annual comprehensive financial report (ACFR) is a set of U.S. government financial statements comprising the financial report of a state, municipal or other governmental entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board.

APPROPRIATION
An authorization granted by City Council to make expenditures and to incur obligations for specific purpose. Usually limited in amount and as to the time when it may be expended.

ARBITRAGE
With respect to the issuance of municipal securities, arbitrage usually refers to the difference between the interest paid on tax-exempt bonds and the interest earned by investing the proceeds of the bonds in higher-yielding taxable securities. Federal income tax laws generally restrict the ability to earn positive arbitrage in connection with tax-exempt bonds.

ASSESSED VALUATION
A valuation set upon real estate or other property by government as a basis for levying taxes. (See also *TAXABLE VALUE*.)

ASSETS
Property owned by a government, which has economic value, especially which could be converted to cash.

AUDIT
In general, an official inspection of an individual's or organization's accounts by an independent body. The City's charter requires an annual audit of the books of accounts, financial records, and transactions of all administrative departments of the City by an independent certified public accountant. In practice, that means the City contracts with an independent certified public accountant to audit the year-end financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City and the related notes to the financial statements, which collectively comprise the City's basic financial statements.

AUDIT COMMITTEE
The Audit Committee is responsible for recommending to the City Council an independent auditor as needed, reviewing the audit of the City's basic financial statements prior to submission to the City Council, and assisting the independent auditor and city staff with the presentation of the audit to the City Council. The Audit Committee is composed of members of the City Council as well as the City Manager and the City's Director of Finance.

BALANCE SHEET
A statement purporting to present the financial position of an entity by disclosing the value of its assets, liabilities, and equities as of a specified date.

BALANCED BUDGET
A budget in which total recurring expenditures for any fiscal year do not exceed total recurring revenues for that same fiscal year.

BASE LEVEL SERVICES
Funding required to meet current service level.

BASIC FINANCIAL STATEMENTS
The basic financial statements are comprised of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City and the related notes to the financial statements, and are subjected to an annual audit by an independent certified public accountant. The basic financial statements are included in the Annual comprehensive financial report along with unaudited information, including introductory information, required supplementary information, other supplementary information, and statistical information.

BASIS OF ACCOUNTING
Refers to when revenues and expenditures are recognized in the accounts and reported in the financial records of the City, regardless of the measurement focus applied. Accounting records for governmental fund types are maintained on a modified accrual basis of accounting, with revenue being recorded when available and measurable, and expenditures being recorded when services or goods are received and the liabilities are incurred.

BASIS OF BUDGETING (See also *MODIFIED ACCRUAL.*)
The City's basis for budgeting is the modified accrual basis for governmental funds, including the General Fund. Budgeting for proprietary funds, which includes the Enterprise Fund, is essentially on the full accrual basis. Encumbrances are recognized by both governmental and proprietary funds since encumbrances represent a commitment of funding for goods and services.

BEGINNING BALANCE
The residual non-restricted funds brought forward from the previous fiscal year (ending balance).

BONDS
Debt instruments that require repayment of a specified principal amount on a certain date (maturity date), together with interest at a stated rate or formula for determining the interest rate.

BOND DEBT
That portion of indebtedness represented by outstanding bonds.

BOND PROPOSITION
A recommendation to issue debt and a proposal as to the best use of the bonds.

BUDGET
A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. The term is also sometime used to denote the officially approved expenditure ceiling under which a government and its departments operate.

BUDGET AMENDMENT
A revision of the adopted budget that, when approved, replaces the original provision and increases or decreases the budget appropriation.

BUDGET CALENDAR
The schedule of key dates that a government follows in preparation and adoption of the budget.

BUDGET ENHANCEMENT
A request to enhance current service level beyond current funding.

BUDGET ORDINANCE
Governmental action which appropriates revenues and fund balances for specified purposes, functions, or activities for a budget period.

BUDGET PERIOD
The period for which a budget is proposed or a budget ordinance is adopted.

BUDGETARY CONTROL
The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within limitations of available appropriation and available revenues.

BUDGETED FUNDS
Funds for which annual budgets are legally adopted, as opposed to non-budgeted funds for which annual budgets are not legally adopted. Budgeted funds are typically supported by tax revenues, charges for services, fees, fines, and/or penalties, while non-budgeted funds are typically supported by transfers from other funds, grant revenue, donations, or regulated fees such as municipal court fees.

BUSINESS-TYPE ACTIVITIES
Business-type activities include any activity engaged in the primary purpose of making a profit. Business- type activities are financed in whole or in part by fees charged to external users for goods or services and are generally reported in Enterprise Funds.

CAPITAL IMPROVEMENT
The addition of a permanent structural change or the restoration of some aspect of a property that will either enhance the property's overall value, increase its useful life or adapt it to new uses.

CAPITAL IMPROVEMENT PLAN
A comprehensive plan that projects the capital needs of a community. Generally, it is a cyclical process that estimates the needs for a set number of years. Capital Improvements Plans are essential for sound infrastructure and financial planning.

CAPITAL ASSET
An item costing more than $10,000 and having a useful life of more than four years.

CAPITAL EXPENDITURE
Also called a CAPITAL OUTLAY — An expenditure to acquire a capital asset.

CAPITAL PROJECTS FUND
Is used to account for the expenditures of resources accumulated from the sale of bonds and related interest earnings for capital improvement projects.

CASH BASIS
A method of accounting in which revenues and expenses are recognized and recorded when received, not necessarily when earned.

CASH EQUIVALENTS
Cash equivalents are investments securities that are for short-term investing, and they have high credit quality and are highly liquid. Cash equivalents, also known as "cash and equivalents," are one of the three main asset classes, along with stocks and bonds. These securities have a low-risk, low-return profile and include U.S. government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.

CHART OF ACCOUNTS
The classification system used by the City to organize the accounting for various funds.

CHARTER
A written instrument setting forth principles and laws of government within boundaries of the City.

CIP
CIP is an acronym for **Capital Improvement Plan**. (See also *CAPITAL IMPROVEMENT PLAN.*)

CITY COUNCIL
The legislative body that governs the City.

CITY COUNCIL PRIORITIES
A five-year planning horizon focusing on safety, infrastructure and facilities, residential and recreational, budget and finance, and commercial redevelopment.

CITY MANAGER
An appointed official who directs the administration of the City.

CITIZEN
An inhabitant of the City.

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Annual comprehensive financial report (ACFR) is a set of U.S. government financial statements comprising the financial report of a state, municipal or other governmental entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board. Prior to Fiscal Year 2022, the acronym was CAFR but was changed by GASB and GFOA to ACFR.

COMPREHENSIVE PLAN
A Comprehensive Plan is to anticipate and guide future development trends in a manner that will provide a community with a balance of land uses that promote a superior quality of life.

CONSUMER PRICE INDEX
The Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them. Changes in the CPI are used to assess price changes associated with the cost of living; the CPI is one of the most frequently used statistics for identifying periods of inflation or deflation. The CPI is calculated by the U.S. Bureau of Labor Statistics.

CONTINGENCY
Funds set aside in a reserve account for major expenditures or for emergencies.

COUNTERPARTY
A counterparty is the other party that participates in a financial transaction, and every transaction must have a counterparty for the transaction to go through.

CPI
CPI is an acronym for **Consumer Price Index**. (See also *CONSUMER PRICE INDEX.*)

CREDIT RISK
Credit risk is the probable risk of loss resulting from a borrower's failure to repay a loan or meet contractual obligations.

CURRENT ASSETS
Cash and other assets expected to be converted to cash, sold, or consumed within in a year or in the operating cycle.

CURRENT FINANCIAL RESOURCES MEASUREMENT
Current financial resources measurement focus is where the financial statements report the near-term (current) inflows, outflows, and balances of expendable financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operation of governmental funds.

CURRENT LIABILITIES
Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded within one year.

CUSTODIAL CREDIT RISK
In the case of deposits, this is the risk that the event of a bank failure, the City's deposits may not be returned to it. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that in the position of an outside party.

DEBT SERVICE
The amount of money required for interest and principal payments on an outstanding debt in any given year.

DEBT SERVICE FUND
Also called a SINKING FUND - A fund established to account for the accumulation of resources for the payment of principal and interest on long term debt.

DEBT RATE
The City's property tax rate has two components, the **general rate** which generates property tax revenues used to fund operations and the **debt rate** which generates property tax revenues used to fund the repayment of debt. (See also *PROPERTY TAX RATE.)*

DEFERRED INFLOW OF RESOURCES
Deferred inflow of resources is an acquisition of net assets by the government that is applicable to a future reporting period.

DEFERRED OUTFLOW OF RESOURCES
Deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period. For example, prepaid items and deferred charges.

DEFICIT
The excess of expenditures over revenues during an accounting period; or in the case of Enterprise Funds, the excess of expense over income during an accounting period.

DELINQUENT TAXES
Taxes remaining unpaid on and after the date to which a penalty for nonpayment is attached.

DEPRECIATION
A non-cash expense that reduces the value of an asset as a result of wear and tear, deterioration, action of the physical elements, inadequacy, or obsolescence.

DIRECTOR OF FINANCE DEPARTMENT
The officer of the City that has primary responsibility for managing the City's finances, including financial planning, management of financial risks, record-keeping, and financial reporting.

DISCOUNT RATE
The interest rate you need to earn on a given amount of money today to end up with a given amount of money in the future.

EFFECTIVE TAX RATE
The tax rate required to generate the same amount of revenue as in the preceding year on the same properties.

ENCLAVE
A portion of territory within or surrounded by a larger territory.

ECONOMIC RESOURCES
Economic resources are the goods or services available to the City used to produce valuable consumer products. The classic economic resources include land, labor and capital.

ECONOMIC RESOURCES MEASUREMENT FOCUS
Economic resources measurement focus is where a set of financial statements reports all inflows, outflows, and balances affecting or reflecting an entity's net position. The economic resources measurement focus is used for proprietary and trust funds, as well as for government-wide financial reporting.

ENCUMBRANCE
Obligations in the form of purchase orders, contracts, or other commitments that are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or actual liability is set up, at which point they become expenditures.

ENDING BALANCE
The dollars remaining after current expenditures for operations and debt service are subtracted from the sum of the beginning fund balance and current resources. Portions of the fund balance may be reserved for various purposes, such as contingencies or encumbrances.

ENTERPRISE FUND
A fund established to account for operations which: (a) finance and operate in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

EXPENDITURES
Decreases in net financial resources. They include current operating expenses that require the current or future use of net current assets, debt service, and capital outlay.

FEES
Charges for services.

FEMA
FEMA is an acronym for **Federal Emergency Management Agency**.

FIDUCIARY
A fiduciary is a person who holds a legal or ethical relationship of trust with one or more other parties (person or group of persons). Typically, a fiduciary prudently takes care of money or other assets for another person.

FINANCIAL STATEMENTS
Written records that convey the business activities and the financial performance of the City.

FISCAL FORECAST
A management tool that presents estimated information based on past, current, and projected financial conditions. This will help identify future revenue and expenditure trends that may have an immediate or long-term influence on government policies, strategic goals, or community services.

FISCAL YEAR
A twelve-month period of time to which the annual budget applies, and at the end of which, the City determines its financial position and results of operation. The fiscal year for the City of North Richland Hills runs from October 1 to September 30 of the following year.

FIXED ASSETS
Assets of long-term character intended to continue to be held or used. Examples are land, buildings, and improvements such as machinery and equipment.

FIXED COST
Costs which do not change with increases or decreases in the amount of services provided, such as rent.

FRANCHISE
A special privilege granted by a government, permitting the continued use of public property, such as City streets, and usually involving the elements of monopoly and regulation.

FTE
FTE is an acronym for **Full-Time Equivalent**. (See also *FULL TIME EQUIVALENT.)*

FULL TIME EQUIVALENT
A unit that indicates the workload of a single full-time worker. The concept is used to convert the hours worked by part-time employees into the hours worked by full-time employees. For example, someone who works a half-day would be 0.5 full time equivalents. The City budgets authorized employment positions using full time equivalents. For example, there might be a part-time library assistant position budgeted as 0.5 FTE, which would be the equivalent of one-half of a full-time employee.

FUND
A fiscal and accounting entity with a self-balancing set of accounts. A fund records cash and other financial resources, all related liabilities, residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

FUND BALANCE
The balance of net financial resources that is spendable or available. Portions of the fund balance may be reserved for various purposes, such as contingencies or encumbrances.

FUND BALANCE POLICY
A policy requiring a minimum fund balance to be kept in reserve. Fund balances over the policy requirements may be appropriated in the budget.

FUND FINANCIAL STATEMENTS
For governmental and proprietary funds, special and extraordinary items are reported separately at the bottom of the statement of revenues, expenditures and changes in fund balances or the statement of revenues, expenses and changes in net position, respectively.

FUNDING SOURCE
Specifically identified dollars allocated to meet budgeted requirements.

GAAP
GAAP is an acronym for **Generally Accepted Accounting Principles**. (See also *GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.)*

GENERAL FIXED ASSETS
Capital assets that are not assets of any particular fund, but of the government unit as a whole. Most often these assets arise from the expenditure of the financial resources of governmental funds (as opposed to proprietary funds).

GENERAL FUND
A fund established to account for all financial resources except those required to be accounted for in another fund. Examples of General Fund departments include Parks, Facilities and Recreation, Fire Department, Library, Finance and Municipal Court, Streets and Drainage, Development Services, and Police Department.

GENERAL OBLIGATION BONDS (G.O. BONDS)
Bonds secured by the full faith and credit of the issuer. General obligation bonds issued by local units of government are secured by a pledge of the issuer's ad valorem taxing power. They are usually issued to pay for general capital improvements such as parks and streets.

GENERAL RATE
The City's property tax rate has two components, the **General Rate** which generates property tax revenues used to fund operations and the **Debt Rate** which generates property tax revenues used to fund the repayment of debt. The General Rate is sometimes referred to as the Maintenance and Operations Rate, or M&O Rate. (See also *PROPERTY TAX RATE.)*

GENERAL REVENUE
Funds acquired through business and property taxation. Monies that may be utilized for any purposes as received at the state and local levels of government.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)
The uniform minimum standards of, and guidelines to, financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompass the conventions, rules, and procedures necessary to define the accepted accounting practices at a particular time. They include both broad guidelines of general application and detailed practices and procedures. GAAP provide a standard by which to measure financial presentations.

GEOGRAPHIC INFORMATION SYSTEM
A system is designed to capture, store, manipulate, analyze, manage, and present all types of spatial or geographical data allowing one to visualize, question, analyze, and interpret data to understand relationships, patterns, and trends.

GIS
GIS is an acronym for **Geographic Information System**. (See also *GEOGRAPHIC INFORMATION SYSTEM*.)

GOVERNEMENT-WIDE FINANCIAL STATEMENTS
Government-wide financial statements report information about the government as a whole without displaying individual funds or fund types.

GOVERNMENTAL ACCOUNTING
The composite activity of analyzing, recording, summarizing, reporting and interpreting the financial transactions of government.

GOVERNMENTAL ACCOUNTING STANDARD BOARD (GASB)
The governing body that sets accounting standards specifically for governmental entities at the state and local level.

GOVERNMENTAL ACTIVITIES
Governmental activities are general government activities and are financed primarily through taxes. Governmental activities generally are reported in governmental funds. All general capital assets and general long-term liabilities are part of governmental activities as well. Common examples of governmental activities include general administration, public safety, education, streets and roads, and health and sanitation.

GOVERNMENTAL FINANCE OFFICERS ASSOCIATION (GFOA)
Professional association of state/provincial and local finance officers in the United States and Canada dedicated to the sound management of government financial resources.

GOVERNMENTAL FUNDS
Funds generally used to account for tax-supported activities. There are five different types of governmental funds: general funds, special revenue funds, debt service funds, capital projects funds, and permanent funds.

GRANT
A contribution by one government unit or funding source to another unit. The contribution is usually made to aid in a specified function (for example, education), but it is sometimes also for general purposes.

HOME RULE CHARTER
Texas cities operate under two different categories of local government: 1) General Law; and Home Rule. Texas law grants General Law cities limited specific authority. Cities under 5,000 in population are required to be General Law cities. Cities over 5,000 in population can adopt a Home Rule Charter which defines the structure, power, duties, and authority of the local government. Rather than looking to state statues to determine what they may do, as General Law cities must do, Home Rule cities look to their local charters to determine what they may do. A Home Rule city may generally take any action that is not prohibited by the Texas Constitution or statues as long as the authority is granted in the charter of the city. Home Rule is essentially the privilege of citizens at the grass roots level to manage their own affairs with minimal interference from the State.

INCOME
A term used in proprietary fund-type accounting to represent (1) revenues or (2) the excess of revenues over expenses.

INFRASTRUCTURE
Immovable fixed assets having value only to the governmental unit. Common examples of infrastructure include roads, sidewalks, bridges, and streetlights.

INTERGOVERNMENTAL REVENUE
Revenue received from another governmental unit for a specific purpose.

INTEREST RATE RISK
Interest rate risk is the risk that arises for bond owners from fluctuating interest rates. How much interest rate risk a bond has depends on how sensitive its price is to interest rate changes in the market. The sensitivity depends on two things, the bond's time to maturity, and the coupon rate of the bond.

INTERESTED PARTY
People or organizations who may be affected by a situation.

INTERNAL CONTROLS
Processes designed to assure achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, loss prevention, and compliance with laws, regulations, and policies.

INVESTMENTS
Securities and real estate held for production of revenue in the form of interest, dividend, rental, or lease payments. The term does not include fixed assets used in governmental operations.

LEASE/PURCHASE
A financing tool utilized to fund large capital outlays where the city may not have cash immediately available for purchase. This arrangement allows the city to use the item while payments are being made.

LED
LED is an acronym for **Light Emitting Diode**. (See also *LIGHT EMITTING DIODE*.)

LETTER OF TRANSMITTAL
A cover letter from the City's Director of Finance that accompanies the annual comprehensive financial report.

LEVY
To impose taxes or special assessments. The total of taxes or special assessments imposed by a governmental unit.

LIABILITIES
Debt or other legal obligations arising out of transactions in the past, which must be liquidated, renewed, or refunded at some future date.

LIGHT EMITTING DIODE
A two-lead semiconductor light source. Light emitting diodes (LEDs) emit light through the process of electroluminescence when suitable voltage is applied. LEDs have many advantages over traditional incandescent light sources including lower energy consumption, longer lifetime, improved physical robustness, smaller size, and faster switching. LEDs are now used in applications as diverse as aviation lighting, automotive headlamps, advertising, general lighting, traffic signals, street lighting, and camera flashes.

LOCAL GOVERNMENT INVESTMENT POOL
A local government investment pool (LGIP), is a state or local government pool offered to public entities for the investment of public funds. These pools are important investments tools, offering safety with a competitive yield.

LONG-TERM DEBT
Debt with a maturity of more than one year.

LONG-TERM LIABILITIES
Long-term liabilities are financial obligations of a company that become due more than one year.

LINE ITEM BUDGET
A budget format in which departmental outlays are grouped according to the items that will be purchased with one item or group of items on each line.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
The portion of the City's Comprehensive Annual Report in which management addresses the company's performance over the previous twelve months.

MAYOR
The elected head of the City.

MODIFIED ACCRUAL
City of North Richland Hills's governmental funds are budgeted using the modified accrual basis, with revenues recognized when they become measurable. Revenue is "measurable" when the amount of the transaction can be reasonably determined. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred and is expected to be liquidated within 60 days.

MUNICIPAL FACILITIES
City owned structures, mechanicals, and building systems

NET PENSION LIABILITY
The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries

NET POSITION
Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

NON-BUDGETED FUNDS
Funds for which an annual budget are not legally adopted, as opposed to budgeted funds for which annual budgets are legally adopted. Budgeted funds are typically supported by tax revenues, charges for services, fees, fines, and/or penalties, while non-budgeted funds are typically supported by transfers from other funds, grant revenue, donations, or regulated fees such as municipal court fees. The resources supporting non-budgeted funds are typically either transfers that were budged as expenditures at a budgeted fund or revenues that are restricted by third parties such as grant revenue, donations, or regulated fees.

NON-RECURRING REVENUE
One-time windfall revenue that is budgeted only for one fiscal year.

OPEB
OPEB is an acronym for Other Post-Employment Benefits. (See also *OTHER POSTEMPLOYMENT BENEFITS*.)

OPERATING BUDGET
Plans of current expenditures and the proposed means of financing them.

OPERATING REVENUE
Operating revenue is revenue generated from the City's business activities.

ORDINANCE
A formal legislative enactment by the City Council. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the City.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)
Other postemployment benefits (or OPEB) is a term used in the United States to describe the benefits that an employee begins to receive at the start of their retirement. These benefits do not include the pension paid to the retired employee.

OVERLAPPING DEBT
Overlapping debt refers to the financial obligations of one political jurisdiction that also falls partly on a nearby jurisdiction. Overlapping debt is common in most states because states are divided into numerous jurisdictions for different tax purposes, such as building a new public school and building a new road.

PENSION
A regular payment made during a person's retirement from an investment fund to which that person or their employer has contributed during their working life.

PLANNING AND ZONING COMMISSION
An appointed seven-member board that makes recommendations to City Council regarding the physical development of the City, including the Comprehensive Plan that serves as the basis for the City's zoning regulations. It also reviews and approves applications for subdivision plats and replats.

PROJECTION
A forecast of future trends in the operation of financial activities done through the remainder of the fiscal year to gain a better picture of the City's finances.

PROPERTY TAX
An annual or semi-annual tax paid to one or more governmental jurisdictions based on the real and personal property's assessed valuation and the tax rate, done in compliance with the State Property Tax Code.

PROPERTY TAX RATE
The rate applied to the taxable value of property to determine the property taxes due. The City's property tax rate has two components, the **general tax rate** which generates property tax revenues used to fund operations and the **debt tax rate** which generates property tax revenues used to fund the repayment of debt. Property tax rates are commonly presented as the amount of tax levied for each $100 of assessed valuation.

PROPRIETARY FUNDS
Funds generally used to account for a government's ongoing organizations and activities that are similar to businesses found in the private sector. These funds are considered self-supporting in that the services rendered by them are generally financed through user charges or on a cost reimbursement basis. There are two types of proprietary funds: enterprise funds (used to account for any activity for which a fee is charged to external users for goods or services); and internal service funds (used to account for the provision of goods or services by one department to other departments of a governmental unit). (See *ENTERPRISE FUND*.)

PUBLIC HEARING
A public hearing may be a formal meeting for receiving testimony from the public at large on a local issue, or proposed government action. Testimony from both sides of an issue is usually recorded for public record, and a report summarizing the key points is generated.

RATINGS
Designations used by credit rating agencies to give relative indications of credit quality.

REFERENDUM
The principle or practice of referring measures proposed or passed by a legislative body, head of state, etc., to the vote of the electorate for approval or rejection (plural referenda).

REFUNDING BONDS
Bonds issued to retire bonds already outstanding.

REPORT OF INDEPENDENT AUDITORS
The report of independent auditors, published in the comprehensive annual financial report, opines on whether the City's basic financial statements comply with generally accepted accounting principles.

REQUIRED SUPPLEMENTARY INFORMATION
Required supplementary information (RSI) is information that a designated accounting standard-setter (e.g., FASB, GASB) requires to accompany the basic financial statements.

RESERVE
An account used to indicate that a portion of fund equity is legally restricted for a specific purpose or not available for appropriation and subsequent spending.

RESOLUTION
A special or temporary order of a legislative body requiring less legal formality than an ordinance or statute.

RESTRICTED NET POSITION
The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

RESTRICTED RESOURCES
Restricted resources refer to a reserve of money that can only be used for specific projects or purposes.

UNRESTRICTED RESOURCES
Unrestricted resources refer to a reserve of money that can be used as the City sees fit.

REVENUE
Revenue is (1) an increase in a governmental fund's net current assets from other than expenditure refunds and residual equity or (2) an increase in a proprietary fund's net total assets from other than expense refunds, capital contributions, and residual equity transfers.

ROLLBACK RATE
The highest tax rate an entity may adopt without being subject to a rollback election.

SCADA
SCADA is an acronym for **Supervisory Control and Data Acquisition**. (See also *SUPERVISORY CONTROL AND DATA ACQUISITION*.)

SDBF
SDBF is an acronym for **Supplemental Death Benefits Fund**. (See also *SUPPLEMENTAL DEATH BENEFITS FUND*.)

SERVICE PLANS
Each department within the City has a three-year plan, outlining their strategic priorities for the City.

SPECIAL REVENUE FUND
A Fund used to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes.

STEWARDSHIP
The job of supervising or taking care of something, such as an organization or property.

STRUCTURAL BALANCE
The state at which current revenue sufficiently supports current expenditures.

SUPERVISORY CONTROL AND DATA ACQUISITION
An industrial computer system that monitors and controls a process. Supervisory control and data acquisition systems (also known as SCADA systems) are used to monitor and control a plant or equipment in industries such as telecommunications, water and waste control, energy, oil and gas refining and transportation. A SCADA system gathers information, such as where a leak on a pipeline has occurred and transfers the information back to a central site. SCADA systems frequently are used to manage processing systems that include geographically disbursed components.

SUPPLEMENTAL DEATH BENEFITS FUND (SDBF)
A cost sharing multiple-employer defined benefit group-term life insurance plan operating by the Texas Municipal Retirement System.

TAX LEVY
The total amount to be raised by general property taxes for intentions specified in the Tax Levy Ordinance.

TAX RATE
The amount of tax levied for each $100 of assessed valuation.

TAXABLE VALUE
A valuation to which the property tax rate is applied to calculate property taxes. The Taxable value of property is generally equal to the assessed valuation less any qualifying exemptions (such as a homestead exemption).

TAXES
Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits, such as special assessments, or charges for services rendered, such as sewer service.

TBD
TBD is an acronym for **To Be Determined**.

TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
TMRS is a statewide retirement system that provides retirement, disability, and death benefits for employees of participating Texas cities.

TMRS
An acronym for **Texas Municipal Retirement System**. (See also *TEXAS MUNICIPAL RETIREMENT SYSTEM.)*

TORT
A wrongful act or an infringement of a right (other than under contract) leading to civil legal liability.

TRANSFERS
Authorized exchanges of cash or other resources between funds.

UNASSIGNED FUND BALANCE
In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

UNRESTRICTED NET POSITION
The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

YIELD
The rate earned on an investment based on the price paid for the investment, the interest earned during the period held, and the selling price or redemption value of the investment.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of North Richland Hills Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrill

Executive Director/CEO

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Richland Hills, Texas for its Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2021. This was the 38th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

North Richland Hills received the award notification on March 22, 2023, after the Annual Comprehensive Financial Report for the Year Ended September 30, 2022 was presented to the City Council. As a result, the Certificate was not included in the report as presented to the City Council, but has been included as an addendum at the end of the report.